



# FAMILY SUPPORT ACT OF 1988

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Y 4. W 36:103-68

Family Support Act of 1988, Serial...

**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON HUMAN RESOURCES  
OF THE  
COMMITTEE ON WAYS AND MEANS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MARCH 15, 1994

**Serial 103-68**

Printed for the use of the Committee on Ways and Means



AUG 11 1994

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# FAMILY SUPPORT ACT OF 1988

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TUESDAY, MARCH 15, 1994

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON WAYS AND MEANS,  
SUBCOMMITTEE ON HUMAN RESOURCES,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 11:14 a.m., in room B-318, Rayburn House Office Building, Hon. Harold E. Ford (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE  
WEDNESDAY, MARCH 2, 1994

PRESS RELEASE #15  
SUBCOMMITTEE ON HUMAN RESOURCES  
COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES  
1102 LONGWORTH HOUSE OFFICE BLDG.  
WASHINGTON, D.C. 20515  
TELEPHONE: (202) 225-1025

THE HONORABLE HAROLD E. FORD (D., TENN.),  
CHAIRMAN, SUBCOMMITTEE ON HUMAN RESOURCES,  
COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES,  
ANNOUNCES AN OVERSIGHT HEARING ON  
THE FAMILY SUPPORT ACT OF 1988

The Honorable Harold E. Ford (D., Tenn.), Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold an oversight hearing on the Family Support Act of 1988, Public Law 100-485. The hearing will be held on Tuesday, March 15, 1994, beginning at 11:00 a.m. in room B-318 of the Rayburn House Office Building.

Testimony at this oversight hearing will be limited to invited witnesses only. This hearing is the first in a series of hearings on welfare issues planned for the year. In announcing the hearing, Mr. Ford emphasized that the public will have ample opportunity to present testimony before the Subcommittee at hearings in the near future.

Mr. Ford further stated: "When I introduced H.R. 1720 on March 19, 1987, which eventually became the Family Support Act of 1988, I stressed the importance of education, training, work, economic opportunity, and parental responsibility. As enacted, the Family Support Act laid the foundation for 'ending welfare as we know it.' I look forward to this hearing, which will provide a foundation for the Subcommittee's deliberations on welfare reform. Future hearings will focus on children, families, child care, work incentives, State innovations, and other issues."

#### BACKGROUND AND SCOPE:

Welfare reform legislation was introduced in the House on March 19, 1987, passed the House on December 16, 1987, passed the Senate on June 16, 1988, and was signed into law as the Family Support Act of 1988 by President Reagan on October 13, 1988. At the time, it was heralded by many as a bipartisan effort to reorient the Federal-State cash assistance program, Aid to Families with Dependent Children (AFDC), from a program focused on providing cash aid to needy families, to a program promoting work and parental responsibility.

At its core, the legislation included a series of significant reforms to State paternity establishment and child support enforcement programs, some of which have yet to take effect. These provisions include: (1) a requirement that limits judicial discretion in the setting of child support awards by requiring judges and other officials to use State-established guidelines; (2) a requirement that States review and modify individual case awards every 3 years for AFDC cases and in other cases if requested by a parent; (3) a requirement that States meet certain Federal standards for paternity establishment, and make all parties in a contested paternity case take a genetic test if requested by any party, with Federal support available for this activity at a 90-percent matching rate; (4) a requirement that States implement a computerized tracking and monitoring system for child support enforcement, with Federal support available at a 90-percent matching rate; and (5) a phased-in requirement that States automatically withhold child support payments from the wages of a noncustodial parent, except for good cause or an agreement not to withhold between both parents. The Family Support Act also established work and training demonstration programs for noncustodial parents. The Subcommittee is interested in learning whether States have

(MORE)

implemented the child support provisions according to the statutory timetable, and what is known of their effectiveness.

The Family Support Act of 1988 also established a new education, training, and employment program, called the Job Opportunities and Basic Skills Training (JOBS) program. The program provides States flexibility within Federal guidelines to help needy families with children reduce the degree to which they depend on AFDC for income and avoid long-term enrollment in the AFDC program. State JOBS programs must provide a broad range of services, including education, job training, and job readiness activities. Programs also must include at least two out of the following four activities: job search, community work experience (work in exchange for welfare), grant diversion (welfare used to provide and subsidize a job), or on-the-job-training. Under the JOBS program, States are required to achieve certain rates of participation among AFDC families. Some AFDC parents, mainly the ill or disabled and those caring for young children, are exempt from participation, but may volunteer. States must require the nonexempt to participate, to the extent resources are available.

In general, Federal funding for JOBS program costs is available as a capped entitlement. The entitlement level equals \$1.1 billion for fiscal year 1994. In order to access Federal funds, States are required to match Federal spending at a rate that varies by State, but generally is no more than 40 percent. Federal matching is reduced if a State fails to target 55 percent of funds on specified priority populations (e.g., families in which the parent is under age 24), or if the State fails to meet participation standards. At the hearing, the Subcommittee will receive testimony from researchers and representatives of the States about the progress States have made in implementing the JOBS provisions, about the various approaches States have taken and their experiences to date, about their ability to meet Federal participation standards and to pursue their particular State philosophy, and about what is known of the JOBS program's effectiveness.

#### DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Persons submitting written statements for the printed record of the hearing should submit at least six (6) copies of their statements by close of business, Wednesday, March 30, 1994, to Janice Mays, Chief Counsel and Staff Director, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and the interested public, they may provide 100 additional copies for this purpose to the Subcommittee office, room B-317 of the Rayburn House Office Building, before the hearing begins.

#### FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

♦ ♦ ♦ ♦

Mr. KOPETSKI [presiding]. The Subcommittee on Human Resources will come to order.

We have three panels with us today to review the Family Support Act. There is a twofold purpose to this hearing. The first is to review the operations of the Family Support Act and how it is faring with the changes we have made. In addition, it helps us lay a further foundation for deliberations and work on welfare reform.

The chairman, as we speak, is on an airplane and should be here in about an hour's time, but I would like to insert a statement from him at this point in the record.

[The prepared statement follows:]

OPENING STATEMENT,  
THE HONORABLE HAROLD E. FORD, CHAIRMAN,  
SUBCOMMITTEE ON HUMAN RESOURCES,  
COMMITTEE ON WAYS AND MEANS

OVERSIGHT HEARING ON THE FAMILY SUPPORT ACT OF 1988

March 15, 1994

This morning, we have an opportunity to look back to the future. It was but seven years ago that this Subcommittee assembled in this hearing room to begin a process of reform of our Nation's welfare systems. At that time, as now, policymakers were striving toward a new vision, one providing new opportunities and responsibilities for welfare parents and their children.

Then, as now, it was obvious that reform was possible only through a partnership of the States and the Federal government. What States could offer was the expertise they'd gained from innovation, a commitment to carrying out a new and expanded agenda, and continued dedication to evaluation and demonstration. What the Federal government could offer was a national vision encompassing State flexibility and recipient safeguards, and the resources and support necessary to ensure success and continued progress.

The basic framework of the Family Support Act has withstood the test of time. Most of what we have learned since 1988 only confirms what we knew or expected then. Therefore, it is only fitting that the Administration plans to build the next and more ambitious reform effort on the foundation that the Family Support Act provides.

In this effort, however, it is critical that we shore up the basic elements of the Family Support Act -- the JOBS program, the child support enforcement reforms, and the child care supports. Funding issues and growing caseloads have hampered even this level of reform in many States, potentially jeopardizing the Administration's goal of changing the culture of welfare offices and "ending welfare as we know it."

A reinvigorated JOBS program and additional child support enforcement reforms, coupled with policies to ensure that work pays and that children receive proper care, are what is needed if the majority of families on welfare are to receive a message of hope and responsibility. They also are the essential building blocks for a time-limited welfare system that provides a job to those willing, but not able, to secure work on their own.

I would like to thank Mary Jo Bane, the Assistant Secretary for Children and Families at the Department of Health and Human Services, for joining us this morning. As many of you know,

Dr. Bane is a respected expert and administrator in the welfare field, and her research made important contributions to the welfare reform debate back in 1988. Dr. Bane, I look forward to the Administration's views of the progress we've made since 1988, and what that implies for future welfare reform efforts.

I would also like to take the opportunity now to thank the State and local officials, and other experts, who took time out of their busy schedules to provide us information today on the status of the JOBS and child support provisions of the Family Support Act. Your testimony will be reflected in the record of the hearing, and will help inform the debate on the Administration's forthcoming welfare reform legislation.



Mr. KOPETSKI. You folks are very busy people and so are we, so we are going to begin by getting the testimony in the record.

Our first panel is on the JOBS program. We have from the American Public Welfare Association Larry Jackson, commissioner, Virginia Department of Social Services; Irene Lurie, from the Department of Public Administration and Policy, Rockefeller Institute of Government at the State University at Albany, Albany, N.Y., as opposed to Albany, Oreg.

Oh, I am sorry. That is what you get for having a rookie up here. [Laughter.]

We are going to begin with Mary Jo Bane, the Assistant Secretary for Children and Families, and then go to the first panel after we hear from Ms. Bane. Good morning.

Ms. BANE. Good morning. I thought maybe you had changed your mind.

Mr. KOPETSKI. No, I just didn't read the script right.

**STATEMENT OF HON. MARY JO BANE, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Ms. BANE. Thank you, Mr. Chairman. I do appreciate the opportunity to come before you and this subcommittee to talk about the JOBS program and the Family Support Act.

I am glad to have the opportunity, both as the Assistant Secretary for Children and Families with responsibility for these programs, but also as one of the cochairs of the President's Working Group on Welfare Reform. We are obviously building on these programs as we develop the administration's welfare reform proposals.

The authors of the Family Support Act, including many of the members of this committee, were correct in their assessment that both child support enforcement and employment support are critically important to welfare reform. The authors of the Family Support Act also recognized and wrote into the law that we need to focus more attention on teen parents if we are to succeed in reducing long-term dependency.

State and local agencies have made substantial progress in implementing the Family Support Act changes, but much remains to be done, both in implementation of that act and in building on it, if we truly are to change the welfare system. What I would like to do today is talk a little bit about the progress which has been made and discuss some important implementation issues.

Mr. KOPETSKI. Let me just say, if I may interrupt, that your full statement will be made a part of the record, and if you could hit the highlights, we would appreciate it.

Ms. BANE. Thank you. I will try to summarize it, and the full statement is in the record.

By October 1990, all States had implemented a job opportunities and basic skills training program for AFDC recipients. In fiscal year 1993, approximately 520,000 participants each month were receiving education, training, and employment services under the JOBS program to help them to become self-sufficient. By April 1990, all States were providing child care to JOBS participants and up to 12 months of transitional child care to families who went off welfare due to employment. During fiscal year 1993, an average of

about 314,000 children per month received child care under the programs created by the Family Support Act.

Recent research suggests that these changes, the JOBS programs and the associated services that go with it, are making a difference. You will hear a lot about that from other witnesses today who will talk about the findings from evaluations of California's GAIN program, Florida's project independence program, and other programs. All of these reaffirm the earlier research findings that education, training, and placement programs, especially those that focus directly on employment, can substantially reduce dependency.

At the same time, we have to acknowledge that we have not seen the widespread change in the culture of the welfare system that many of the founders of the Family Support Act envisioned. We see, for example, that less than 10 percent of all AFDC recipients are participating in the JOBS program and that the JOBS program has not pervaded welfare offices to the extent we think it should. There are a lot of reasons for that. Among them are the explosion in the AFDC caseload over the last 5 years and State budget shortfalls, which have limited staffing and dollars available for JOBS.

One area of concern has been the apparent lack of organizational change, real organizational change, within the welfare system, and again, you will hear more about that over the course of the morning. The recent Rockefeller study reveals that, in many cases, not much has changed in welfare offices. According to a separate GAO study, implementation of the teen parent provisions of the Family Support Act has been quite uneven.

Nonetheless, we do find a number of examples of JOBS programs that have truly changed the culture of welfare, and they provide the building blocks on which we can develop our new proposals. We need to build on the experience of programs like those in Riverside County, Calif.; in Kenosha County, Wis.; other programs such as Iowa's program PROMISE; Frederick County, Md.; Dade County, Fla.; and some of the things that the State of Oregon is experimenting with in their JOBS program. We have very good examples of teen parent programs in Camden and Newark and in Chicago.

We really need to look for ways to expand the use of some of the practices that these programs employ, including how they set goals and priorities, how they utilize staff, how they coordinate and contract with existing resources in the community, and otherwise how they go about changing what welfare is all about.

The Family Support Act of 1988 also included important changes to the Child Support Enforcement system that enhanced overall program effectiveness. Last year, almost \$9 billion in child support was collected through the IV-D system from noncustodial parents on behalf of their children, and paternities were established for more than half-a-million children. This translates to 1993 child support collections that are almost double the amount collected in 1988, and it represents an 80 percent increase in the number of paternities established.

Now this is all very positive, but we still have a very, very long way to go. Only a fraction of the child support that could be collected is actually being paid, and paternity is still not established anywhere near the number of cases in which we need to establish it.

The Family Support Act did take steps to increase the emphasis on paternity establishment, including setting standards for performance and mandating genetic testing. Some States have experimented with some very innovative techniques. Two such promising techniques, as you know, were included in last year's budget law, involving inhospital paternity establishment and expedited legal processes for establishing paternity.

To address the challenge of setting adequate support orders, which is another important aspect of the child support system, the Family Support Act mandated the use of child support guidelines as a rebuttable presumption in setting any child support order. We are looking at the implementation of that requirement, and there is at least anecdotal evidence that the use of guidelines has increased the level of support award amounts.

Another important aspect of the Family Support Act as it affected child support was the requirement for periodic review and adjustment of support orders. We can't yet speak about the results of that mandate, since it was implemented only recently. However, we are learning that the process is typically pretty lengthy and clumsy, and that we need to streamline the approach to updating orders, which is a very important part of ensuring that the child support which can be paid is, in fact, paid.

Another requirement of the Family Support Act, immediate wage withholding, is now our most powerful collection technique for obtaining child support payments. Again, though, we are seeing that there are weaknesses in this requirement. In response to these weaknesses, at least 13 States, including California, Oregon, Washington, and Iowa have enacted mechanisms for employer reporting of new hires, which can reduce from months to days the time that it takes to locate somebody who has moved to a new job. As those requirements become more widespread, they are going to increase the power of wage withholding.

Finally, by September 30, 1995, all States must have operational automated Statewide child support enforcement systems. All States have submitted planning documents. Some are having trouble meeting their implementation schedules, but we are working very hard to provide technical assistance to States so that they can have those automated systems developed.

The Family Support Act of 1988 also recognized, for the first time in Federal legislation, the importance of addressing noncustodial parents' ability to provide ongoing support for their children by providing demonstration projects for the work and training of noncustodial parents, and some of these are very exciting.

Under the parents' fair share project, we are moving forward with plans to evaluate some of those programs to see how employment and training services, peer support, enhanced child support enforcement, and mediation services for unemployed noncustodial parents can work.

Through our experiences with the Family Support Act and through our experience with other State and local initiatives, we have, over these last few years, gained a better understanding of how the welfare and child support systems work and about the effectiveness of some alternative program models. As you know, the Welfare Reform Working Group is working hard to develop proposals that build on the Family Support Act in order to bring about real changes in the welfare system.

I would be delighted to answer any questions that you have.

[The prepared statement follows:]



STATEMENT BY  
MARY JO BANE  
ASSISTANT SECRETARY FOR THE  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
BEFORE THE  
HOUSE COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON HUMAN RESOURCES

MARCH 15, 1994

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to appear before you this morning. As one of the co-chairs of the President's Working Group on Welfare Reform, Family Support and Independence, I am very pleased that you have provided me this opportunity to help set the context for the Administration's forthcoming welfare reform proposals by speaking to what we have learned from the Family Support Act of 1988. Clearly the Act represented positive reform but much remains to be done if we truly are to end welfare as we know it.

#### INTRODUCTION

My testimony today focuses on the implementation of the Family Support Act and the progress being made in transforming the welfare system into a transitional support system. I will discuss our implementation of the first two titles of the Family Support Act--child support and paternity establishment in title I and employment, education and training in title II. The authors of the Family Support Act, including Chairman Ford, who introduced H.R. 1720, recognized the need to place additional emphasis on employment support and parental responsibility if they were to succeed in transforming the welfare system.

The Family Support Act now serves as the cornerstone for the Administration's welfare reform agenda. It set in place expectations that families are first and foremost responsible for the well-being and support of their children. It recognized the need for investment in the education, training and employment of welfare recipients, as well as in child care and medical assistance which help them transition from welfare to work. Most importantly, it introduced the expectation that welfare reciprocity is a transitional period of preparation for self-sufficiency and not a way of life.

The authors of the Family Support Act were correct in their assessment that both child support enforcement and employment support are critically important to welfare reform. The Family Support Act made some essential changes in these areas, and State and local agencies have made substantial progress in implementing those changes.

#### THE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS) PROGRAM

Last October we marked the fifth anniversary of the passage of the Family Support Act. Over the past nine months, the Working Group has spent a great deal of time and energy assessing JOBS program progress. In my testimony today, I would like to share the results of our assessment by highlighting several noteworthy JOBS programs and discussing implementation issues which we have identified.

Let me start with a few of the most important changes to the AFDC program. By October 1990, all States had implemented a Job Opportunities and Basic Skills Training (JOBS) program for AFDC recipients; by October 1992, all States had statewide JOBS programs; and in FY 93 approximately 520,000 participants each month were receiving education, training and employment services to become self-sufficient. Also as of October 1990, all States began providing cash assistance to two-parent families through

the AFDC-UP program. By April 1990, all States were providing up to twelve months of transitional child care to families who went off welfare due to employment. During FY 93, an average of 314,000 children per month received child care under programs created by the Family Support Act of 1988.

### The Impact of JOBS

Recent findings from the evaluations of California's Greater Avenues for Independence (GAIN) program and Florida's Project Independence reaffirm that education, training, and employment programs implemented in a variety of circumstances can substantially reduce dependency. Because of its longer follow-up period, I will focus on GAIN, but I want to point out that impacts for Project Independence are similar to what GAIN's were at the same point, and that California and Florida account for over one-fifth of the nation's AFDC recipients.

As I am sure the Subcommittee members are aware, Mr. Chairman, GAIN is a statewide initiative that predated the implementation of JOBS, but now serves as California's JOBS program. The GAIN evaluation was designed and begun prior to the implementation of JOBS, but continued as the GAIN program was converted to JOBS. It gives us an early indication of the impact we might expect from the JOBS program.

According to Manpower Demonstration Research Corporation's (MDRC) preliminary findings, five of the six counties studied showed moderate-to-large gains in earnings and/or welfare savings. Across all six counties, earnings for registered single parents increased 21 percent (using an unweighted average) over the control group (with 24 percent increases in the second year). Welfare payments were reduced six percent (seven percent in the second year).

There are some equally encouraging data regarding GAIN's effects on employment and case closures. Twenty-nine percent of single parents were working at the end of the follow-up period -- a statistically significant, 25 percent increase over the 23 percent employment rate for the control group. Three counties showed a significant decline (ranging from 3.1 to 11.5 percent) in the proportion of registrants who were receiving AFDC at the end of two years. Further, larger effects may emerge as the registrants who have only recently started education and training components become job-ready.

Although we have made substantial gains under the Family Support Act, we must acknowledge that we have not seen the widespread change in the organizational culture of the welfare system that was envisioned when the Act was passed and the JOBS program was established. We are not yet at the point where welfare is viewed as a "transitional period of preparation." When a family walks into the welfare agency, the emphasis is not necessarily on how the family can avoid welfare or become self-sufficient. Too often, the emphasis is on meeting the institutional needs of the welfare system.

I recognize that many factors have impeded change within the welfare system, and not all are within the control of welfare agencies. First, the AFDC caseload exploded in the early 1990s (i.e., it grew 33 percent between July 1989 and July 1993), straining staff resources. State budget shortfalls limited the staffing available to manage the increased caseload. For FY 1991, only seven States used their full JOBS allocations, and less than 60 percent of the total Federal JOBS funds were claimed. Since 1991, States have been using more of their allotments. For FY 1992, States used about 70 percent of the total Federal funds available for their JOBS programs, and the number of States using their full allocations grew. Preliminary

figures for FY 1993 show continued use of available funds. However, most States have met the required participation rate, even though they have not used all of their JOBS allotments.

Another major implementation issue has been the degree of organizational change. Here, I would like to note the recent study by Irene Lurie and Jan Hagen from the Rockefeller Institute at the State University of New York. Their study of local JOBS implementation -- and particularly their report on the perspectives of front-line workers -- reveals that not much has changed in welfare offices. While JOBS workers are generally experienced, well-educated human service workers who strongly support the goals of the JOBS program, many believe that their agencies' organizational environments have not fully supported JOBS program goals.

There appear to be several explanations for these findings. Some States did not have to make many changes to come into compliance with the Family Support Act, especially if they already had a well-developed welfare employment program. Some welfare agencies contracted out much of JOBS because they could not expand welfare staff to provide case management services. And some agencies relied so heavily on existing education and training services--such as adult education classes or JTPA--that in effect they have had little control over the design and delivery of services to JOBS participants.

Nevertheless, in spite of the challenges they faced, there are examples of JOBS programs that have changed the culture of the welfare system. I'd like to highlight two that show us that we can begin to change how recipients and agencies view their responsibilities. Replicating programs such as these, I believe, is one key to building effective JOBS programs across the country.

#### Riverside

The first is in Riverside, California--one of the six counties being evaluated by MDRC as part of its study of the GAIN program. I had the pleasure of visiting the JOBS program in Riverside last summer. This program provides a marvelous example of what it means to institute a change in agency culture. Everywhere I turned in the Riverside office, I saw the same clear, simple, and unequivocal message. The purpose of everyone there is to get AFDC clients employed. I heard the same message from Larry Townsend, the county director, as from line workers and recipients. It is conveyed during orientations, job clubs, and at all opportunities; it is also presented in slogans on posters, bumper stickers and lapel buttons. Work is valuable, and it is the means to a real future.

Staff understand what is expected of them. They are enthusiastic about their work and able to transfer that enthusiasm to their clients. They are given the tools to accomplish their jobs, and they are empowered to meet their clients' needs. They have manageable caseloads and the flexibility to provide services on a case-by-case basis. They are responsible not just for getting clients employed, but also for resolving problems that might keep them from staying employed. The emphasis on employment is reinforced through very specific placement goals, an aggressive job development and placement process, performance-based contracts, and ongoing, hands-on case management. Individuals needing education and training services can get them, but services are provided only in the context of a specific work objective.

Using this approach, the Riverside program has been able to achieve the largest impact among any of the six counties in the GAIN evaluation and the most significant impact we have ever seen in any large-scale study of welfare-to-work programs. After two

years, MDRC found average increases in earnings by the experimental group of \$2,099, or 55 percent (over the control group average), and reductions in welfare payments of \$1,397, or 14 percent (again compared to the control group average).

While the results in Riverside County need longer-term evaluation, I think it is clear that changing the organizational culture makes a very big difference. It is important that the managers of welfare agencies convey the message about the value of work and responsibility clearly to staff and clients. It is also important that they not send a lot of conflicting messages at the same time; they cannot bury the work and responsibility message under a mound of AFDC eligibility rules and processes and paperwork. Also, they must convey the message to sufficient numbers of recipients. If the vast majority of adult recipients are exempt, deferred, or excused, it is impossible to change the organizational culture of the system.

Riverside demonstrates a strong commitment to securing the participation of all mandatory registrants, and, where necessary, it employs formal penalties to enforce participation. These aspects of the program also contribute to changing the organizational culture.

#### Kenosha

A second JOBS program I would like to mention, is that of Kenosha County, Wisconsin. Kenosha resembles Riverside in its emphasis on early and extensive interventions. The unique aspect of this program comes in the structure Kenosha County has developed to provide its services. In addition to JOBS program employees, income maintenance technicians, child support staff, Job Service placement counselors, training coordinators, and remedial education instructors are co-located at the Job Center. Kenosha's design offers program participants "one-stop shopping," so to speak. Co-location serves the dual function of ensuring that participants have easy access to the programs and activities they need and also helping staff from different agencies work together to assist participants more effectively and more efficiently. Programs like Kenosha's build teams and foster a collaborative environment, promote better communication across agencies, and simplify service delivery. Kenosha's experience suggests that co-location can improve service to welfare clients. In 1992, the Kenosha program achieved an average monthly participation rate in excess of 40 percent, substantially higher than the Federal requirement.

As we undertake to build on the provisions of the Family Support Act, we need to build upon the experiences of Kenosha, Riverside and other programs such as Iowa's PROMISE; Frederick County, Maryland's Family Partnership Program; and Dade County, Florida's Housing Renovation Program. We must look for ways to expand the use of some of the practices they employed, including how they set goals and priorities, utilized staff, coordinated and contracted with existing resources in the community, and otherwise changed the organizational culture of the welfare system.

#### Teen Parents

The authors of the Family Support Act also recognized that we needed to focus more attention on teen parents if we were to succeed in reducing long-term dependency. Thus, the Act includes a requirement that teen parents who have not finished high school must participate in educational activities even if the age of their youngest child would otherwise exempt them from participating in JOBS.



Unfortunately, as the General Accounting Office has reported, implementation of this provision has been very uneven across the States. In some areas, like Portland, Oregon there have been extensive efforts to reach out to teen parents and to ensure that they finish their schooling; however, in other areas, teens have seen little or no service intervention.

But recent research findings on serving teen mothers have demonstrated that it is possible to have large-scale mandatory programs for teen parents that produce results. The Teen Parent Demonstration Program, which operated in Camden and Newark, New Jersey, and Chicago, Illinois, showed that teen mothers on AFDC who were part of a mandatory training and supportive services program achieved and sustained significantly higher rates of school attendance and employment. Furthermore, their commitment to universal mandatory participation greatly affected the organizational culture; the program's strong participation requirements substantially changed the expectations and motivation of staff as well as clients. Ohio's Learning, Earning and Parenting (LEAP) demonstration program (after three years of implementation) is also showing encouraging interim results in terms of significantly increasing school retention and getting teens to return to school or adult education.

We believe that the Family Support Act is absolutely right in its emphasis on serving teen parents. We must work together with the States to develop more effective programs for teen parents. In this context, we are concerned not just with their progress in becoming self-sufficient, but other types of outcomes such as delaying further childbearing, focusing on child development and better parenting.

#### ESTABLISHING PATERNITY AND COLLECTING CHILD SUPPORT

The Family Support Act of 1988 also included landmark changes to child support enforcement that enhanced overall program effectiveness. I would like to speak generally to the progress which we have made in child support over the last five years but to focus my comments on those provisions of the Act which held the greatest promise.

Last year, over \$8.9 billion in support was collected from noncustodial parents on behalf of their children, and the paternities of more than one-half million children were established. This translates to 1993 collections which are almost double the \$4.6 billion collected in 1988 as well as an 80 percent increase in the number of paternities established.

These statistics show the positive impact the Family Support Act is beginning to have on increasing the incidence of paternity establishment and the collection of child support. However, the Act's limitations are also evident if you look at child support that is not being collected and paternities that are not being established. Only a fraction of child support which could be collected is actually paid and paternity is still not established in a sizable number of cases.

Fundamental weaknesses remain which significantly hamper the program's ability to address the seemingly endless growth in the number of out-of-wedlock births and parents who financially abandon their children. Our welfare reform efforts will build on both the program's achievements and what we have learned from implementing the Act, to fulfill the President's pledge of ensuring that both parents take responsibility for their children.

Paternity establishment is the necessary first step to securing child support. The Family Support Act placed increased emphasis on paternity establishment by setting standards of performance,

mandating genetic testing upon request, increasing Federal sharing in paternity laboratory costs, and encouraging simple civil processes to establish paternity.

In addition to substantial increases in the number of paternities established, some of the most exciting innovations in the program have grown from the Act's mandate for improvement. In fact, two of the most promising techniques developed in States were proposed by the President in last year's budget and enacted by Congress for all States, involving in-hospital paternity establishment and expedited legal processes for establishing paternity.

Hospital-based paternity programs exist or are under development in a number of States, including Washington, Michigan, Colorado and Arkansas. In Washington, hospital programs have been successful in achieving voluntary acknowledgements of paternity for approximately 40 percent of out-of-wedlock births. State officials believe that as these programs improve, rates may go much higher.

Expedited process for paternity establishment has also begun to take hold in some States and should significantly improve the time involved in establishing paternity. Administrative establishment of paternity, one form of expedited process is being used in a number of these States, including Iowa and Oregon.

Even after paternity has been successfully established, the challenge of setting adequate child support orders and keeping those orders up-to-date remains. The Family Support Act of 1988 mandated the use of child support guidelines as a rebuttable presumption in setting any child support order. All States have implemented this requirement and while questions were raised in testimony before the Commission on Interstate Child Support about the adequacy and equity of guidelines, especially in interstate cases, there is at least anecdotal evidence that the use of guidelines has increased the level of support award amounts.

To ensure that orders, over time, continue to meet the support standards set by the guidelines, the Family Support Act phased in requirements for the periodic review and adjustment of support orders. States were allowed to experiment with different methods of review and adjustment between 1990 and 1993. Effective October 13, 1993, States were required to review child support orders not later than 36 months after establishment or the most recent review of the order, and make any necessary adjustments. While this review cycle is mandatory in AFDC cases under the statute, in non-AFDC cases, review is conditioned on the request of at least one party to the order.

The delayed effective date makes it impossible at this juncture to speak to results of the mandate, however the Family Support Act provided for four State demonstration projects "to test and evaluate model procedures for reviewing child support awards." The demonstrations produced positive results while showing that a variety of methods in a mixture of State, judicial and administrative environments can be used successfully to review and adjust child support orders.

The average net dollar value of the adjustments was \$122 per month for AFDC cases and \$110 per month for non-AFDC cases. However, we also learned from the demonstrations that the review and adjustment process is typically a lengthy one, consuming over six months to take a case from selection to adjustment. Clearly, we must look to streamlining this process.

Another requirement of the Family Support Act, immediate wage withholding, is a key component of the Child Support Enforcement program. Immediate wage withholding is now our most powerful

collection technique for obtaining child support payments. It accounts for the highest proportion of support collections.

National wage withholding collections have increased exponentially in recent years, from \$26 million in 1985 to almost \$4.7 billion in 1993. In FY 1993, wage withholding collections for child support rose nationally 19 percent over the previous fiscal year and were 121 percent higher than the FY 1989 figure of \$2.1 billion.

Despite these results, weaknesses in wage withholding remain. Its impact is of surprisingly short and uneven duration due primarily to job mobility. A 1991 study found the median length or duration of wage withholding was 17 months and a high proportion of wage withholding cases were in effect for less than six months. Also, the time lapse between wage withholding durations was lengthy.

The lack of ready access to timely employment information delays implementation of wage withholding and prevents child support from being collected at its source before an obligor moves on to another job. To achieve this access, a number of States have implemented systems of employer reporting of new hires using the IRS's W-4 form, the Employee's Withholding Allowance Certificate.

A new hire reporting system can reduce from months to days the time it takes to locate someone who has moved to a new job. At least 13 States, including California, Oregon, Washington and Iowa have enacted mechanisms for employer reporting of new hires. This practice was endorsed by the Commission on Interstate Child Support Enforcement and is being given careful attention in our welfare reform deliberations.

Finally, by September 30, 1995, all States must have operational, automated statewide child support enforcement systems. The Family Support Act set this deadline and authorized 90 percent Federal funding for the development of these systems.

All 54 States and jurisdictions submitted approvable implementation planning documents by the October 1, 1991 deadline, but many have had trouble meeting their implementation schedules. The major roadblocks have been complex State procurement processes and limitations in State and contractor resources which are stretched beyond capacity as every State struggles to meet the October 1, 1995 deadline. Actual conversion of manual cases to new automated systems will also present a challenge.

We are working with States to insure that they are aware of the significance of the impending deadline, the problems that the child support agency is facing and the need for high-level commitment of resources and we are providing technical assistance where needed. Currently, all but two States have completed the planning phase of their project, 50 are in the design/development phase, and two are engaged in implementing the Family Support Act provisions statewide.

The Family Support Act of 1988 recognized for the first time in Federal legislation, the importance of addressing noncustodial parents' ability to provide on-going support for their children by providing demonstration projects for work and training of noncustodial parents. A project which evolved from this provision of the Act is the Parents' Fair Share (PFS) Demonstration Project. PFS is a partnership of the Federal government, private organizations, and the States, which tests employment and training services, peer support, enhanced child support enforcement, and mediation services for unemployed noncustodial parents whose children receive public assistance.

Designated State child support enforcement staff work with PFS case managers and the court systems to refer noncustodial parents to PFS at various points in the child support enforcement process (e.g., when orders are established or during determinations that non-payment of child support is due to unemployment). Eligible individuals may also volunteer to participate.

All PFS employment and training programs emphasize OJT and employment skills training with education services available for individuals who need them. All income from OJT assignments are subject to automatic wage withholding requirements.

Nine States participated in a pilot phase of the demonstration. At this time, we are moving forward with plans to undertake a full-scale impact evaluation of PFS services. This evaluation will examine whether providing employment, training and related services to unemployed noncustodial parents of AFDC children results in increased child support payments; whether PFS services enable disadvantaged noncustodial parents to support their children not only financially but also emotionally; and whether these services affect the likelihood that nonpaying noncustodial parents will pay child support through the Child Support Enforcement system.

Through our experience with the Family Support Act and other State and local initiatives, we have gained a better understanding of how our welfare and child support enforcement systems work and about the effectiveness of some alternative program models. The efforts of the Welfare Reform Working Group to gather additional input from Congress, recipients, advocates, community-based organizations, and researchers -- through public forums, site visits, focus groups, and consultations -- have also made important contributions to our understanding.

The Working Group is now in the process of assessing its options and drafting specifications. We will be happy to share these with the Committee as they become available.

We also look forward to holding future discussions with you about other aspects of our welfare and support systems and their potential role in transforming the welfare system.



Mr. KOPETSKI. Thank you. I thank you for the excellent summary of your testimony, as well.

I have a question area, and that has to do with teen parent programs. Actually, Oregon, my State, has done a very good job in this area and it all started in my home town of Salem, where we built up first the teen moms program and then we brought in the dads as well. It is truly a teen parenting program, which is a very important concept in all of this, for the children as well.

But as we begin to look at distinctions, such as two different levels of requirements for people on welfare determined by age, one of the concerns that has arisen is if you are more harsh, if you will, in your treatment of people under 21 or under 23, what does that mean for teen parents? Would they be treated the same as people who are not teen parents but on public assistance roles?

My question has to do with what you are finding in terms of how much time of public assistance is necessary for a teen parent to graduate into the work force.

Ms. BANE. The States are finding, and we are finding in some of our teen parent demonstrations, that it varies and that it depends on a lot of circumstances.

We have had some demonstration projects, which have been quite carefully evaluated, which combine specific requirements on teen parents—more accurately, school-age parents. In general, these programs focus on recipients who are 18 or younger or still in school.

But the demonstration programs that we evaluated used a combination of case management and sanctions to help them stay in school and to help them learn how to be better parents. Those programs do seem to be effective in helping teen parents stay in school and make the transition into employment. I think those demonstrations and some of the other State projects, such as the one you are talking about, are providing us a basis for moving forward.

In general, we think that teen parents should be not only allowed, but required, to the extent we can do it, to finish school in order to be prepared for work, and to stay in school to make that investment in themselves and their children. As we think about welfare reform options, we are certainly thinking about options that would focus very much on helping, and indeed requiring, teen parents to stay in school.

Mr. KOPETSKI. If you have a ticking clock of, let us say 2 years, as the President has generally outlined as part of his welfare reform statement, would the time that a teen parent is involved in completing his or her educational requirements count against that 2 years?

Ms. BANE. One of the issues we and everybody else have been struggling with as we think about time-limited welfare systems is the question of under what circumstances should there be extensions to or deferments from the 2-year timeclock. Certainly, as we think about it and as we explore various options, the notion of allowing exemptions so that people could finish high school when they are young seems like one that we ought to consider very, very seriously, and we are.

Mr. KOPETSKI. Good. The other area has to do with support enforcement orders. I like a lot of the proposals that the administration is working on in terms of the welfare reform.

How much of the problem out there is an infrastructure one with local DAs or State courts, et cetera, versus a culture of people not used to having to go after fathers, delinquent fathers, and that is 90 percent of the people we are talking about, because they are lawyers and doctors and professionals and the local business person, the chamber of commerce president, et cetera?

Ms. BANE. I think it is a combination of the two, and I think we are going to have to work on both. I do think, and I don't know if other people's experience has been the same, that over the last couple of years, there has been a decreased tolerance in society generally for people who don't meet their child support obligations. I think we have seen, in a lot of different places and through a lot of different mechanisms, a real seriousness about enforcing those obligations. States have done that in different ways, but I think we now do project as a society the importance of those obligations.

Within the child support system itself, some parts of it are still very clumsy. There are some parts of it which depend on court mechanisms and interstate collection mechanisms that don't work smoothly, to say the least.

I think also that we have in the child support system a set of incentives which, in many ways, make it more productive for child support workers to go after the easy cases than to go after the hard cases, those cases where you have to establish paternity or find someone across State lines.

I think those cases, interstate cases and cases which may not have a lot of income right now but whose income will grow over time, are so important that we need to structure the incentives in the system so that all cases are treated very seriously. Many of the proposals we are working on would try to do that.

Mr. KOPETSKI. Thank you very much. You may want to hang around for this first panel at least.

Ms. BANE. Thank you very much.

Mr. KOPETSKI. Thank you.

We will move to the first panel. We have Larry Jackson, on behalf of the American Public Welfare Association, from the Virginia Department of Social Services; Irene Lurie from the Rockefeller Institute of Government; Judith Gueron, Manpower Demonstration Research Corp. in New York City; and then from the Center for Law and Social Policy here in Washington, Mark Greenberg, senior staff attorney.

Good morning. I would ask each of you to try to summarize your testimony within a 5-minute time period. The red light will go on and you will be ejected out of the hearing room. [Laughter.]

Your complete statements will be made a part of the record.

Mr. Jackson.

**STATEMENT OF LARRY D. JACKSON, COMMISSIONER,  
VIRGINIA DEPARTMENT OF SOCIAL SERVICES, ON BEHALF  
OF THE AMERICAN PUBLIC WELFARE ASSOCIATION**

Mr. JACKSON. Thank you, Mr. Chairman. It is my pleasure to be here today.

I am Larry Jackson, the Commissioner of the Virginia Department of Social Services. I also hold several positions with the American Public Welfare Association, including being on the board, being the chair of the National Council of State Human Service Administrators, and being the chair of the American Public Welfare Association Task Force on Self-Sufficiency.

In my testimony today, I would like to briefly discuss implementation of the job opportunities and basic skills [JOBS] training program and share five specific recommendations for strengthening the program.

It is important that national policy makers understand not only the problems associated with welfare dependency but the fact that some of our efforts today are working. The JOBS program is a success, a modest one to date, given the enormity of the task and the fiscal constraints that we all feel.

It is important to remember, Mr. Chairman, that this program is in its infancy. It wasn't until a little over a year ago, October of 1992, that all States began operating the program on a State-wide basis. We are proud of the strides that have been made by the States in implementing JOBS, given the competing pressures in the last few years. You will hear today early findings from studies of programs in California and Florida conducted by the Manpower Demonstration Research Demonstration, showing that JOBS is having a positive impact on employment earnings as well as welfare savings.

We believe that the funds States have spent on the JOBS program underscore the commitment to the program and to the notion of self-sufficiency. Total Federal and State JOBS and child care spending for fiscal year 1993 may be as high as \$2 billion, in spite of the recession, high unemployment, and unparalleled growth in the AFDC and food stamp programs.

If we want the JOBS program to touch and benefit even more poor families, however, more Federal dollars have to go into the program. We need to increase the current capped entitlement and Federal financial participation for the program. We need these resources now, Mr. Chairman, not when new welfare reform legislation is implemented 1, 2, or even 3 years from now.

In addition to the need for increased Federal support for the program, there are a number of strategies that Congress and the administration, in consultation with the States, could pursue to strengthen the program, with or without welfare reform legislation.

The first of those, we believe, is to start by setting realistic expectations about what JOBS can and cannot achieve. Few may remember that the Congressional Budget Office estimated around the time of the enactment of the Family Support Act in 1988 that only 50,000 families would leave welfare due to the JOBS program during the first 5 years of operation. During the past 3 years, there were many months in which 50,000 families per month were added to the AFDC rolls.



Second, there is a tremendous administrative burden on families and workers under the current AFDC and food stamp system. APWA has identified 57 policy proposals that we believe will streamline that operation, and we strongly urge the Congress and the administration to work with the States in implementing those.

Third, we commend the Federal Government for committing resources to training and technical assistance during the early stages of implementation of the Family Support Act. More needs to be done, and we strongly encourage the Congress and the administration to make training and technical assistance among the highest priorities in the current program and under any welfare reform proposal.

Fourth, the Family Support Act called on the Health and Human Services Secretary to submit recommendations to Congress on development of performance measures. No recommendations have been submitted to date. While many States have established their own performance standard systems, including Virginia, we have no way on a national basis of assessing quality of client progress, identifying exemplary program practices, or how to target technical assistance to States and localities.

Development of a performance-based system must be addressed in welfare reform, and if a welfare reform bill is not enacted, Congress and the administration, again in consultation with the States, should move quickly to develop such a system.

Fifth, the States continue to express concern about the so-called 20-hour rule and the degree to which it drives program design or fails to take into consideration those participating in education components. We also continue to call for reconsideration by Congress of the methodology used to calculate participation rates, especially under the AFDC unemployed parent program.

On January 11, 1994, APWA released a series of recommendations in its report on welfare reform. The recommendations represent a bipartisan consensus of opinion among a broadly diverse group representing the variety of State views on welfare policy.

Our recommendations build on the Family Support Act and the JOBS program. They reward and support hard work. There are no exemptions for participation in JOBS under our proposal. Everyone is required to do something, with a goal of using welfare as a temporary source of support. There will be penalties for those AFDC parents who fail to take their responsibility seriously. Penalties will not be imposed, however, if resources aren't available or if jobs do not exist.

It is our hope, Mr. Chairman, to have the opportunity to testify before this subcommittee on our proposal at a later date.

Again, thank you very much for the opportunity to testify today. [The prepared statement follows:]



**TESTIMONY OF LARRY D. JACKSON  
AMERICAN PUBLIC WELFARE ASSOCIATION**

**Introduction**

Mr. Chairman and members of the Subcommittee on Human Resources, thank you for the opportunity to testify today. My name is Larry Jackson. I am commissioner of the Virginia Department of Social Services and serve in several positions with the American Public Welfare Association--on the Board of Directors, chair of National Council of State Human Service Administrators and chair of the Task Force on Self-Sufficiency. APWA is a 64-year old nonprofit, bipartisan organization representing all of the state human service departments as well as local public welfare agencies, and individual members.

In my testimony today, I would like to briefly discuss implementation of the Job Opportunities and Basic Skills (JOBS) Training Program--nationally and in Virginia.

**A Positive Impact**

The current public policy debate on the need to reform the nation's welfare system comes a little more than five years after passage of the Family Support Act--a bill that was approved by the House by a vote of 347-53, and was based in large measure on your initial legislation, Mr. Chairman. The passage of the act resulted in a new and comprehensive strategy in support of families--improved child support services; comprehensive education, training, and employment activities; transitional child care and medical care; and financial assistance to two parent families.

That landmark legislation was built upon a very strong bipartisan consensus on the need for programs and policies to reflect values: values like mutual obligations between citizens and society; and education and job opportunities tied to individual responsibility. Much of what we hear today echoes the rhetoric behind the Family Support Act: concern with dependency, individual responsibility, and work in place of welfare.

It is important that national policy makers understand not only the problems associated with welfare dependency but the fact that some of our efforts, today, are working. The JOBS program is a success -- a modest one, to date, given the enormity of its task and the fiscal constraints we all feel. It is important to remember, Mr. Chairman, that this program is in its infancy. It wasn't until a little over a year ago--October 1992--that all states began operating the program on a statewide basis.

As you will hear today, early findings from studies of programs in California and Florida conducted by the Manpower Demonstration Research Corporation (MDRC) show that JOBS is having a positive impact on employment earnings and welfare savings. In a two-year follow-up of California JOBS participants, MDRC found that those in JOBS earned 24 percent more than AFDC recipients not participating in JOBS. MDRC also found that after two years, welfare payments were seven percent lower for JOBS participants than the average amount received by a control group. In Florida, JOBS participants earned nearly seven percent more than a control group and received nearly seven percent less in welfare payments. MDRC President Judith Gueron, testifying before this subcommittee today, has said in previous testimony before Congress that the results from California and Florida "confirm an emerging story about JOBS' effectiveness in increasing employment and reducing welfare dependency."

## State Spending

The states' commitment to the JOBS program is reflected in the steady increase in state funds allocated for the education, employment, and training program. In fiscal year 1991 states spent \$400 million of the \$1 billion available in federal funding. In fiscal year 1992, \$660 million of the \$1 billion available was spent, and in fiscal 1993 it is estimated that states obligated \$823 million and are expected to spend approximately \$700 million of the \$1 billion available.

What is often *not* considered in assessing state commitment to the program is the amount of state spending for AFDC child care. The reality is that states spent an amount for AFDC child care equal to what they spent in JOBS. In fiscal year 1993, for example, this would bring total federal spending for JOBS and child care to an estimated \$1.4 billion. Total federal *and* state JOBS and child care spending for the year may be as high as \$2 billion--this in spite of the recession, high unemployment, and unparalleled growth in the AFDC and food stamp programs.

## Implementation and Caseload Growth

Mr. Chairman, July 1989 was the first month in which states could begin implementing the JOBS program. It is also the first of 36 months of consecutive growth in the AFDC program--growth that was precipitated by the poor economy and increases in out of wedlock births. Since July 1989, AFDC caseloads have risen by 34 percent nationally and food stamp caseloads by 47 percent (36.5 percent and 63 percent respectively in Virginia.) In November 1993, the latest date for which national data are available, there were 14.2 million people in over 5 million families receiving AFDC. Nearly 27.4 million people received food stamps. During this same period, according to the National Association of State Budget Officers, Medicaid spending also grew at a rapid rate with states experiencing increases of 28 percent in fiscal 1991, 31 percent in fiscal 1992, and 14 percent in fiscal 1993. States are expecting to spend 11.2 percent more for fiscal 1994.

This unparalleled growth provides a dramatic backdrop for the challenges faced by states as they began implementing the new JOBS program. It is clear, Mr. Chairman, that the amount of funding states have allocated for the JOBS program is significant in light of the high caseload growth and fiscal stress experienced at the state and local level.

We believe that the funds states have spent on the JOBS program underscore the commitment to the program and to the notion of self-sufficiency. If we want the JOBS program to touch and benefit even more poor families, however, more federal dollars have to go into the program. **We need to increase the current capped entitlement and federal financial participation for the program.** We need these resources now, Mr. Chairman, not when new welfare legislation is implemented one, two, or three years from now.

## Targeting of Resources

Nationally, there are approximately 500,000 people participating in the JOBS program each month. In fiscal year 1992, the latest period for which we have national data, approximately 40 percent were in education activities (high school or post-secondary education) and over 20 percent in job training or in a job readiness activity. Twenty-eight (28) percent of those in JOBS participated 20 or more hours per week. Over one-third participated 16 to 20 hours, and 38 percent participated less than 16 hours per week. In Virginia, we served approximately 8,100 participants with about one-third participating in an education activity.

Approximately 18 percent participated 20 hours or more per week and 35 percent participated in the JOBS program between 16 and 20 hours per week.

As you know, Mr. Chairman, the JOBS program was designed to target services to those who were long-term recipients or at-risk of long-term stays on welfare. In fiscal year 1992, 74 percent of those participating in the JOBS program were among the hardest to serve individuals in the AFDC caseload. Nearly 43 percent had been receiving AFDC for 36 out of the previous 60 months, and over 18 percent were under the age of 24 and either did not have a high school diploma or had not previously held a job. In fact, Mr. Chairman, of those served in the JOBS program in fiscal year 1992, 42 percent had not completed the 12th grade, and 18 percent failed to complete the ninth grade.

We've had a similar experience in Virginia. In fiscal year 1992, 63 percent of those in JOBS were either long-term recipients or those at-risk of long-term dependence. Over 44 percent were receiving AFDC for 36 out of the previous 60 months, and 15 percent were under the age of 24. Over 83 percent of those served in Virginia's program during fiscal year 1992 did not complete high school, with 30 percent failing to complete the ninth grade. The total number of JOBS participants entering employment in Virginia grew from 2,600 in fiscal year 1991 to over 5,000 in fiscal 1992, an increase of 85 percent. Our job retention rate 90 days after placement is averaging over 80 percent. We continue to exceed the participation rate requirements each year, but there are 23,000 AFDC recipients who we are not able to serve because of lack of resources.

### **The Promise of JOBS**

We are proud of the strides made by states in implementing JOBS given the competing pressures of the last few years. It is frustrating to note, however, that most of the public does not know this program exists. In a series of focus groups in California two years ago, participants challenged the pollsters when they were told that there is a mandatory employment and training program now in place for welfare recipients. When shown a copy of the Family Support Act of 1988, they questioned its authenticity. Clearly, we have not done a good job of "telling the good news" about JOBS. APWA has recently received foundation funding to work with states in marketing their JOBS programs with the media and public. We think this project will go a long way toward helping to increase public support and funding for the program.

Even some of those who support the program say it has failed to "change the culture" of the welfare system. The current system, they argue, is still one that provides a check and is more concerned with verifying eligibility than moving people toward self-sufficiency. While I would agree there is much to improve upon in this area, we have seen in many states and localities a real commitment to making a difference.

Denver's Family Opportunity Program, for example, has adopted a "two-generation" approach by promoting healthy child development along with adult employment. As part of this approach, trained volunteers conduct voluntary 40-minute developmental screening for the children of JOBS participants, and this information goes to the JOBS case managers. When problems are detected, children are referred to a more intensive early intervention screening conducted through the Child Find Unit of the Denver Public Schools. Case managers are expected to help parents follow up on any needs identified through these screenings. The Denver JOBS program also conducts full family assessments that obtain information on a wide variety of family-oriented topics, including

parenting, educational progress of older children, family violence, housing needs, and the availability of support networks.

There are many other good examples of states that are committed to changing the culture of the welfare office. In the next panel, you will hear from program administrators from California, North Carolina, Hawaii, and your home state of Tennessee, Mr. Chairman, who will describe their efforts to make a positive change in the delivery of services to welfare recipients. In a recent APWA study of case management practices around the country we found numerous other examples of state and local programs committed to fulfilling the original promise of JOBS. We have examples of states establishing policies to target a higher intensity of case management to clients with supportive service needs, such as teen parents. Pennsylvania's Single Point of Contact Program provides an excellent example of how agencies target intensive client-centered case management services with harder-to-serve clients.

### Strategies to Improve the Program

In addition to the need for increased federal support for the program, there are a number of strategies the Congress and administration, in consultation with the states, should pursue to strengthen the program--with or without welfare reform legislation.

- Realistic Expectations: We can start with setting realistic expectations about what JOBS can and cannot achieve. Few remember that the Congressional Budget Office estimated around the time of enactment of the Family Support Act that only 50,000 families would leave welfare due to the JOBS program during the first five years of operation. During the past three years there were many months in which 50,000 families per month were added to the roles.

Everyone is pointing to the importance of "making work pay" in the current welfare reform debate--enactment of health care reform that ensures universal health care coverage, access to quality child care options, and making sure that everyone who is eligible takes full advantage of the expansions in the Earned Income Tax Credit enacted by Congress. These policy changes must be enacted sooner--not later--if states are to be expected to deliver on the promise of JOBS and meet what will almost assuredly be very high expectations under welfare reform.

- Welfare Simplification: The Family Support Act did not address the need to streamline the up-front eligibility process in AFDC and food stamps. There is a tremendous administrative burden on families and workers under the current system. APWA has identified 57 policy proposals to streamline the system, which we have shared widely in Congress. We strongly encourage you to take a leadership role in ensuring these proposals are enacted as part of welfare reform.
- Training and Technical Assistance: We commend the federal government for its committing resources to training and technical assistance during the early stages of implementation of the Family Support Act. We must continue to give a very high priority to transfer of knowledge about what works and what doesn't work. Through APWA's Institute for Family Self-Sufficiency we have begun to address the training needs of case managers. More needs to be done and we strongly encourage the Congress and administration to make training and technical assistance among the highest priorities in welfare reform.



- Development of a Performance Standard System: In the current JOBS program we are reporting on "process" not outcomes. In doing so, success is being measured by participation rates. The Family Support Act called on the HHS secretary to submit recommendations to Congress on development of performance measures, but no recommendations have been submitted to date. While many states have established their own performance standard system systems, these are not universal. We have no way of assessing quality of client progress, identifying exemplary program practices or how to target technical assistance to states and localities. Development of a performance standard system must be addressed in welfare reform, and if a welfare reform bill is not enacted, Congress and the administration, in consultation with the states, should move quickly to develop such a system.
- Statutory and Regulatory Relief: States continue to express concern about the so-called 20 hour rule and the degree to which it drives program design or fails to take into consideration those participating in education components. We also continue to call for reconsideration by Congress of the methodology used to calculate participation rates, especially under the AFDC-Unemployed Parent program.

### **JOBS and Welfare Reform**

As Congress considers welfare reform legislation APWA state and local human service administrators stand ready to offer our knowledge and experience. As we proceed, we should be cautious about having high expectations for job placement using approaches such as on-the-job training and work supplementation. In fiscal 1992, there were less than 1,900 participants per month in on-the-job training and only 673 participants per month in work supplementation in JOBS nationally. The administrative capacity today simply doesn't exist to implement these approaches on a large scale.

Our experience tells us that we must also be realistic about the ability of states to operate a large scale Community Work Experience (CWEP) program as the cost can be high and labor intensive--developing work sites and providing supervision, monitoring and follow-up with the employer and the client. We know from the MDRC research conducted in the 1980's that CWEP is feasible to operate and that participants and supervisors found the work meaningful. The programs we have operated in the past and those studied by MDRC, however, were small in scale with little evidence to support the idea that CWEP on its own leads to consistent employment or reductions in welfare caseloads or costs.

The challenges posed by CWEP are significant as we move to scale. I caution the Congress against having overly high expectations about the efficacy of this approach in moving large numbers of recipients into unsubsidized employment or in reducing caseloads or costs. In addition, while CWEP can serve as a structured, meaningful work activity for the AFDC recipients facing a mandatory work obligation, states do not currently have the administrative capacity or experience to operate a large-scale work program of this nature.

Our recommendations build on the Family Support Act and the JOBS program. They reward and support hard work. There are no exemptions from participation in JOBS under our proposal. Everyone is required to do something with the goal of using welfare as a temporary source of support. There will be penalties for those AFDC parents who fail to take their responsibilities seriously. Penalties will not be imposed, however, if resources aren't available or if jobs do not exist. It is our hope, Mr. Chairman, to have the opportunity to testify before this subcommittee on our proposal at a later date.

Thank you again, Mr. Chairman for the opportunity to testify today. I would be happy to answer any questions you may have.

Mr. KOPETSKI. Thank you for your testimony.

Ms. Lurie, a Ph.D. from the Department of Public Administration and Policy, the State University of New York at Albany. Good morning.

**STATEMENT OF IRENE LURIE, PH.D., COPRINCIPAL INVESTIGATOR, JOBS IMPLEMENTATION STUDY, ROCKEFELLER INSTITUTE OF GOVERNMENT, STATE UNIVERSITY OF NEW YORK AT ALBANY, ALBANY, N.Y.**

Ms. LURIE. Thank you, Mr. Chairman. I am Irene Lurie. I am on the faculty of the State University of New York at Albany and am coprincipal investigator, along with Jan Hagen, for a 10-State study of the implementation of the JOBS program. I am honored to be invited to share our findings with you today.

The Family Support Act creating the JOBS program placed a new set of demands on State and local governments charged with operating welfare employment programs. Previous programs required that welfare recipients register for employment and training services, but Federal law did not require that States actually serve a minimum number of people. As a result, States were under little pressure to perform.

The Family Support Act, in sharp contrast, mandated that States achieve a minimum rate of participation in the JOBS program, starting at 7 percent of the nonexempt caseload in 1990 and 1991 and rising to 20 percent in 1995. Federal regulations define participation in terms of a 20-hour per week standard. The pressure to meet these participation rates profoundly changed the rules of the game for State and local administrators of welfare employment programs.

In order to meet these participation rates, States have taken several actions. First, despite the fiscal stress that many States experienced during the recession, they are generally devoting more of their own funds to the JOBS program and thereby qualifying for more Federal matching funds.

Second, to assemble the capacity to serve JOBS participants, States have drawn heavily upon other Federal employment and training programs, such as the Job Training Partnership Act, and upon numerous State and local education programs.

Third, they have designed programs that are more intensive, that meet for more hours each week, increasing the chance that participants will gain the skills they will need to become independent of welfare.

Fourth, States have recognized the educational deficits of many welfare recipients and have made education a high priority. As a result, JOBS has succeeded in offering both a wider and deeper set of services that may help people to become economically self-sufficient.

Our study also identifies some difficulties that the States are facing. Federal JOBS funds and the States' matching funds pay for only a portion of JOBS services. The remaining services come from other Federal and State programs. In States like Michigan and New York, which devote large amounts of State funds to education and training, JOBS participants have access to an ample quantity

and variety of services from other programs to supplement services purchased with JOBS funds.

But in States like Mississippi, Tennessee, and Texas, which do not spend large amounts on adult education and training, increased services to JOBS participants come at the expense of decreased services to other disadvantaged people.

For example, the JTPA in many States is serving more welfare recipients but fewer members of other disadvantaged groups. This means that the counts of the number of people being served by JOBS may overstate the real increase in services to the poor. In addition, States that depend on other programs for services will have increasing difficulty meeting the rising Federal participation rate. They need more Federal funds to achieve this goal.

We conclude that JOBS is a well-designed program, a major improvement over the welfare employment programs that it replaced. Other than the need for greater financial assistance to States that have insufficient capacity to serve JOBS participants, we do not see the need for major reform in the design of welfare employment programs at this time.

Implementing JOBS was a complex effort that required considerable energy by State and local administrators and frontline workers. The program is a good one. We believe that JOBS should be given time to realize its potential promise. If the President and Congress conclude that reforms are necessary, the new legislation should carefully build upon the JOBS program to preserve what the Family Support Act has created.

Thank you.

[The prepared statement follows:]

TESTIMONY OF IRENE LURIE  
CO-PRINCIPAL INVESTIGATOR, JOBS IMPLEMENTATION STUDY  
ROCKEFELLER INSTITUTE OF GOVERNMENT  
before the  
HUMAN RESOURCES SUBCOMMITTEE  
COMMITTEE ON WAYS AND MEANS  
March 15, 1994

I am honored to be invited to appear before you today. I am on the faculty of the State University of New York at Albany and serve as co-principal investigator, along with Jan Hagen, for a ten-state study of the implementation of the Job Opportunities and Basic Skills Training Program (JOBS) enacted by the Family Support Act of 1988.

We have been following the implementation of JOBS in ten states, and in three local welfare offices within each of the states, since the program was implemented nationwide in October 1990. Our sample of states includes Maryland, Michigan, Minnesota, Mississippi, New York, Oklahoma, Oregon, Pennsylvania, Tennessee, and Texas. The purpose of our study is to learn how the federal law and regulations are actually being carried out by state and local agencies -- what the JOBS program is in practice. We are not examining the program's impact on welfare recipients, although this is very important as well.

Our study gives us grounds for both optimism and pessimism regarding the prospects for meeting the goals set forth in the Family Support Act. First the good news and then the bad news.

#### STATE PROGRESS IN IMPLEMENTING A WELL-DESIGNED PROGRAM

- The Family Support Act is well-designed legislation. The Act gives states the flexibility to create programs that are appropriate for individuals with diverse needs and abilities. It also allows states the discretion to tailor programs to their own political and economic environments and to organize programs in a way that draws upon the capacity of state and local institutions to deliver services. Finally, the Family Support Act helps states to finance the child care that parents need in order to engage in an education or training program and in order to take a job.

Although our states' JOBS programs vary considerably, most states make strong efforts to offer recipients the opportunity to pursue their education. All of the states have dedicated some of their JOBS funds to increasing the availability of education, especially remedial education for individuals without a high school diploma. Many states give recipients the opportunity for post-secondary education; Pell grants and guaranteed student loans finance tuition while JOBS finances supportive services such as child care. About half of our states use JOBS funds to increase the availability of job skills training and have succeeded in offering skills training to a significant share of participants. The others devoted little or no JOBS funds to job skills training and rely heavily on the programs of the Job Training Partnership Act (JTPA). A few states place considerable emphasis on job search programs and work experience programs where recipients work off their grant in a public or nonprofit organization.

- Despite the fiscal stress facing many of the states, they are generally devoting more funds to the program each year and are thereby drawing down an increasing percentage of the federal funds allocated for JOBS. The ten states as a group drew down 51 percent of their federal JOBS funds in 1991 and 72 percent in 1992. State welfare agencies are increasingly using the funds of other agencies, particularly educational agencies, as part of their state match in order to draw down more of their federal allocation of JOBS funds. This is permitted under the federal rules and is



assisting states during a period of fiscal stress. To some degree, however, the use of these other funding streams may be driving the content of the program.

- Although the 20-hour rule defining participation in JOBS has sparked a considerable amount of criticism, it is encouraging states to provide more intensive services and to develop the capacity to track and monitor individuals to ensure that they participate in the program.

The federal regulations permit states to count as JOBS participants only those individuals who, as a group, are scheduled to participate in JOBS for an average of 20 hours per week. Much of the criticism of the 20-hour rule occurred because the states had to change their programs, or develop new programs, in order to meet the rule. But this was the objective of the 20-hour rule — to require states to provide more meaningful services. Perhaps a less demanding definition of "participation" would have been better. But now that we have the rule and states are adjusting to it, we should stay with it for a while. It is driving the program in the right direction, requiring states to develop meaningful JOBS activities and encouraging participants to make a substantial commitment of time, similar to the commitment they would make in order to hold down a job. Our only suggestion is that full-time college students be counted as full-time JOBS participants.

- States are drawing heavily upon the expertise of other agencies, particularly educational institutions and the JTPA, to obtain a supply of services for JOBS participants. All state welfare agencies, to a greater or lesser degree, are using JOBS funds to contract with other service providers for JOBS services. We were impressed by the array of education and training providers that is available in most communities and their willingness to serve JOBS participants, particularly if they are paid for their services. If more funds were appropriated for JOBS, an additional supply of services would be forthcoming.

- Most states have also been successful in referring JOBS participants to the programs of other agencies without using JOBS funds, thereby increasing the resources devoted to them. These subsidies from other programs have been critical in implementing the program, even in states that have funded JOBS at a relatively high level. States that devote only limited state funds to JOBS are almost completely dependent on the resources of other programs.

JOBS participants are being served by a wide variety of programs, including the JTPA, the Adult Education Act, the Perkins Vocational and Applied Technology Education Act, the Higher Education Act's Pell grants, local public school programs, state and local post-secondary education institutions, state and local programs for troubled teenagers, and others. In some states, the services funded through JOBS are only the tip of the iceberg.

## DIFFICULTIES FACING THE STATES

Our research also gives us concern about the future of JOBS implementation.

- Some states are on a collision course with the federally mandated participation rate, which is 15 percent this year and rises to 20 percent next year. The 40 percent participation rate that is mandated for two-parent AFDC-UP families this fiscal year, and the rising rates in future years, will take the federal mandates even more out of the reach of some states. All the states in our study except Maryland reported that they were meeting the federally mandated participation rate in 1992, by a substantial margin in several states, but many states did not foresee how they would meet the increasing rates with the resources currently available to them.

- We question the accuracy of the participation rates reported by the states, for some of the same reasons identified in a study by the General Accounting Office in May 1993. For example, some states understate their participation rate by excluding from their count of JOBS participants all individuals who participate for less than 20 hours per week. We suspect that some others overstate their participation rate by not counting all of the people who are required to participate in the program. Some states have only recently developed the capacity to calculate the participation rate according to the rules set forth in the federal regulations or they have not yet developed this capacity.

- Even if states were to spend enough to claim their full allocation of federal JOBS funds, it is not certain that they would be able to achieve the increasing federally mandated rates of participation with reliance on these funds alone. Without the subsidies provided by the educational

system and the JTPA, it is difficult to foresee how states could provide sufficient services to assist the required number of welfare recipients. Maryland has not relied heavily on the services of other agencies and is having difficulty meeting the federal participation rate despite drawing down a substantial share of its federal funds.

- Although subsidies from other agencies are necessary, they may encourage an inefficient use of resources. Where the JOBS program is subsidized by other agencies, the actual cost of serving participants is considerably greater than the cost to the welfare agency. To the extent that JOBS administrators choose among services based on their cost to the welfare agency, rather than their actual cost, these subsidies may discourage them from using the best and most cost-effective mix of services. For example, the actual cost of job search services is low relative to the cost of higher education. But because job search is typically financed with JOBS funds, while higher education is financed through other programs, job search appears more costly to the welfare agency than higher education.

- The majority of the states we studied are not making vigorous efforts to require that welfare recipients participate in the program. Participation in JOBS is voluntary for welfare recipients in several states and participation is mandatory but weakly enforced in several others. A lack of JOBS services led some states to focus their limited resources on people who were motivated enough to volunteer for the program. Several administrators argued that the cost of enforcing the participation mandate, in terms of the staff time needed to sanction recipients for failure to comply without good cause, was not worth the benefit in terms of increased participation.

- Most states did not devote large amounts of resources to staff activities such as case management. The majority of welfare agencies hired few, if any, staff as they implemented the program, instead reassigning existing staff or increasing their responsibilities where necessary. Lack of staff in the welfare agencies was a bottleneck in several states as they sought to increase participation in the program.

Nine of the ten states elected to offer case management as a component of JOBS, but our survey of front-line workers indicated that their average monthly caseload was 106 cases. Case managers reported that one-third of their time was spent in tracking and monitoring individuals' participation in the program. Large caseloads and heavy paperwork prohibit case managers from working intensively with clients. To serve individuals who have greater barriers to participation, additional staff are needed for more comprehensive assessments, intensive case management services, and additional supportive services such as substance abuse treatment.

- In some states, welfare agencies were reluctant to make work experience and work supplementation programs central features of their JOBS programs because of the actual or perceived displacement of regular workers by welfare recipients. Large-scale expansion of these programs, which might be necessary if AFDC were time-limited, may be opposed by employees and their unions in some states. The recent actions of some of the states to increase their participation rates through work experience give opponents of work experience good reason for concern. Most of our states that have increased their referrals to work experience are not using the Community Work Experience Program (CWEP), where the hours of work are limited to the amount of the welfare grant divided by the minimum wage. Instead, they are using the authority in the Family Support Act to create an alternative work experience program where the hours of work are unrelated to the amount of the welfare grant, so that recipients can be required to work in exchange for benefits at a rate that is well below the minimum wage.

## CONCLUSIONS AND RECOMMENDATIONS

Our research suggests that the major impediment to program implementation is a lack of funding, both at the state and federal levels. Most states are not spending enough to draw down all their federal funds. Oregon, the only state in our sample that has consistently drawn down its full federal share, is spending a large amount of unmatched state funds in order to achieve its participation rate. Preparing welfare recipients for financial self-sufficiency is a major task that will require a greater commitment of federal funds than the Family Support Act currently offers.

Advocates for the Family Support Act argued that government and welfare recipients bear a mutual obligation: government has an obligation to provide welfare recipients with education, training, and employment services, while welfare recipients in turn have an obligation to make efforts to become economically self-sufficient. The funding levels for JOBS indicate that neither the

**federal government nor most state governments have fully assumed this obligation and that they, in turn, are limited in their ability to impose obligations on recipients of welfare.**

We are also concerned that states are not giving enough support to the staff of the welfare agencies, the people who have the face-to-face contact with recipients. We expect these front-line workers to do many tasks — inform people about the JOBS program, motivate them to participate, arrange services and child care, monitor their attendance in JOBS programs, and help resolve day-to-day problems that interfere with participation in JOBS. Yet many states have been reluctant to increase the staff of their welfare agencies and some have even cut staff. **If we expect performance by welfare agencies, as do the advocates for time-limited welfare benefits, we should acknowledge their important role and give them the support that they require to do their job well.**

Perhaps most important, the JOBS program needs to be given time. JOBS is complex to implement: it demands adjustments in the operations of welfare agencies, the development of linkages with other organizations, the creation of programs that meet both the needs of welfare recipients and the mandates of the federal legislation, and the development of computerized information systems to monitor the activities of participants and to report these to the federal government. JOBS has been operating nationwide for only three years, and these years included a period of recession with fiscal pressures on state budgets and a weak demand for labor. This economic environment has not given states the opportunity to demonstrate whether JOBS is up to the task of reducing welfare dependency and costs. Now that the program designs and infrastructure are in place, local agencies need time to stabilize their operations and see whether JOBS can deliver.

Our research suggests to us that the JOBS program holds promise for further development of meaningful welfare employment programs. While time and money are needed, and a strong economy would help, the Family Support Act continues to be a sound basis for state and local programs. There is no quick fix to the problem of welfare dependency; if there were, we would long since have found it. We urge the President and Congress to have the patience to permit the JOBS program to unfold and to make only small course corrections rather than overhaul the welfare system. If major reforms are made, the new legislation should carefully build upon the JOBS program to preserve what the Family Support Act has created.

## CONDUCTING THE IMPLEMENTATION STUDY

The primary research approach in our implementation study is field network research. The essential feature of this methodology is a network of senior policy analysts who assess the JOBS program in their state by using a uniform instrument for collecting and analyzing information. Our first round of field research was conducted in October through December 1990 and focused on the initial choices made by the states in implementing JOBS. The second round of field research occurred in June through August 1991 and focused on JOBS implementation in three local sites within each state: a metropolitan area, a mid-sized city, and a small or rural community. The final round of research was conducted in June through August 1992 to examine the changes made by both the states and the local sites as they further developed their programs. We also conducted a survey of front-line workers using a self-administered questionnaire distributed in the fall of 1991.

Our work was done under the auspices of the Rockefeller Institute of Government, the public policy research center of the State University of New York. The study was funded by The Pew Charitable Trusts, the U.S. Departments of Labor and Health and Human Services, the Foundation for Child Development, and the New York State Department of Social Services.

**REPORTS FROM THE JOBS IMPLEMENTATION STUDY**

Jan L. Hagen and Irene Lurie, Implementing JOBS: Initial State Choices, Nelson A. Rockefeller Institute of Government, March 1992.

Jan L. Hagen, Irene Lurie, and Ling Wang, Implementing JOBS: The Perspective of Front-Line Workers, Nelson A. Rockefeller Institute of Government, June 1993.

Jan L. Hagen and Irene Lurie, Child Care Services and JOBS: Local Implementation, Nelson A. Rockefeller Institute of Government, July 1993.

Irene Lurie and Jan L. Hagen, Implementing JOBS: The Initial Design and Structure of Local Programs, Nelson A. Rockefeller Institute of Government, July 1993.

Copies of reports may be obtained by writing JOBS Implementation Study, School of Social Welfare, State University of New York at Albany, 135 Western Avenue, Albany, NY 12222.

Mr. KOPETSKI. Thank you for your testimony.  
Judith Gueron.

**STATEMENT OF JUDITH M. GUERON, PH.D., PRESIDENT,  
MANPOWER DEMONSTRATION RESEARCH CORP., NEW  
YORK, N.Y.**

Ms. GUERON. Thank you. Good morning. I appreciate the opportunity to appear before this committee and to tell you what we have learned about the effectiveness of the JOBS program.

As you know very well, the Family Support Act contained a vision of responsibility and reform. Parents were supposed to support their children, and welfare should provide a reciprocal obligation, a route toward, not an alternative to, work.

Today, we are again discussing welfare reform, and one might reasonably ask, why? Was that legislation flawed? Are there new problems that require new solutions? Or was the legislation never fully implemented? The answer is important, because different diagnoses suggest different cures.

My response is twofold. There is new concern about the growing number of people who work full time but remain poor and about the recent rapid increase in the AFDC rolls. However, much of the clamor comes from the fact that the JOBS program has not fundamentally changed the nature and character of AFDC.

JOBS has resulted in the provision of more education and training services, and recent results from California and Florida show that it does lead to increases in work and reductions in welfare. Average performance in those two States is encouraging. It also shows that high-performance JOBS programs can do substantially better, with double-digit increases in the share of recipients moving into jobs, in one case, a 50-percent increase in earnings, and success with long-term recipients, a very important group.

But in many communities, JOBS has not implemented a participation mandate focused on work. If this diagnosis is correct, the lesson is one not likely to be popular. JOBS was intended not only to provide services, but also to change welfare and make it more transitional. To achieve this, States do not necessarily need a new program, but they do need added resources to create the activities that would make the JOBS obligation and opportunity real, clear Federal guidance on the program's vision and on program strategies that have proven successful, and strengthened local commitment to enforce a participation obligation and operate high-performing programs.

Congress will need to increase funding and clarify program goals, but just as urgent and difficult will be changing administrative practice in the field. Changing welfare as we know it has to happen on the ground. It takes time, vision, and will to change large institutions like the welfare system, but research shows it is feasible.

JOBS' largest impact so far have been registered in Riverside, Calif., which provides one possible version of how to make JOBS real, and you will hear later from the Commissioner in that county. When you walk into a JOBS office in Riverside, the program communicates a message of high expectations. You are there for one purpose, to get a job.



At orientation, job developers announce new job openings, and throughout, program staff convey an upbeat message about the value of work and people's potential to succeed. If you are in an education program, and about half of Riverside participants are, you are not marking time, as you can be in some locations. You know that if you don't complete the education program, or at least advance in it, staff who are closely monitoring your progress will insist that you look for a job. Finally, if offered a job by a job developer, you have to take it or have your grant reduced.

In that community, welfare has changed for all people in JOBS, and this was done under the provisions of the Family Support Act. But there are too few such programs. To date, in many communities, the resources have not been adequate for administrators even to attempt to transform AFDC. At the very time that we are learning and have the building blocks in place to learn more about JOBS' potential to change behavior, we see programs unable to realize that promise.

Yet making JOBS work is critical to any attempt to move further. It is hard to imagine a serious discussion of time-limiting welfare, with or without work at the end, unless JOBS does a better job than it is now of reducing the rolls. The risk will be too high. Too many people will hit the cliff, that is, the time limit, and either require subsidized work that is likely to cost the public more than welfare itself or face a dramatic loss in income with unknown effects on families and children.

The task of JOBS implementation, therefore, cannot be avoided. JOBS is the upstream program, if you will, that must succeed better before time limits can realistically be afforded downstream. If JOBS does not become a more high-performance system and instead reverts to the more anemic version of WIN that it was meant to replace, any effort at time-limiting welfare will be buried alive under the cost and feasibility of massive job creation.

Thus, it is essential that we understand why JOBS has not transformed AFDC and act to bring the system up to the performance of the more effective programs. Our past history of welfare reform is one of impressive rhetoric, underfunded efforts, and limited real change. The Family Support Act has already created substantial movement, but further steps are needed for it to deliver on its promise.

Thank you.

[The prepared statement follows:]

**TESTIMONY OF JUDITH M. GUERON  
MANPOWER DEMONSTRATION RESEARCH CORPORATION**

Good morning. I am Judith Gueron, President of the Manpower Demonstration Research Corporation. I appreciate the opportunity to appear before this Committee today to present what we have learned about the implementation and effectiveness of the Job Opportunities and Basic Skills Training (JOBS) Program created by the Family Support Act of 1988 (FSA).

This hearing is being held at an important time. The Family Support Act affirmed a vision of responsibility and reform: Parents should support their children; welfare should contain a reciprocal obligation, whereby recipients must take steps toward independence and states must provide services to assist that transition. The idea was to make the Aid to Families with Dependent Children (AFDC) Program more transitional: to provide a route toward, not an alternative to, work.

Currently, in state capitals and here in Washington, there is a clamor for further reform. One might reasonably ask: Why are we discussing this again? Was the legislation flawed? Are there important new issues requiring new solutions? Or was the legislation never fully implemented? The answer is important, because different diagnoses will lead to different prescriptions.

In summary, my response is that:

- There is new concern about the growing number of people who work full time but earn below-poverty wages. This issue was not fully addressed in the Family Support Act, and is one element of current state and federal proposals and action. There is also concern about the recent rapid growth in the AFDC rolls, a 33 percent increase in the last four years.
- However, much of the clamor comes from the fact that JOBS has not fundamentally changed the message and character of AFDC. It has resulted in the provision of more education and training services, and does seem to be increasing work and reducing welfare, but the system has not enforced a participation mandate focused on work.

If this diagnosis is correct, the lesson is one not likely to be popular in Washington. For JOBS to change welfare will require added resources so that states and localities can create the activities that would make the obligation real, clearer federal guidance on the program's vision, and strengthened local commitment to enforce a participation obligation and operate high-performing programs. Congress will need to increase funding and clarify program goals, but just as urgent — and difficult — will be changing administrative practice in the field.

Changing welfare as we know it has to happen on the ground. While I will point to examples where JOBS has transformed the welfare system, the broad implementation story is that this has not occurred.

If JOBS were fully implemented — with tough obligations, adequate services, and high-expectations programs focused on work — welfare could feel different and temporary. But to date, in many communities, the resources have not been adequate for administrators even to attempt this transformation. At the very time that we are learning — and have the building blocks in place to learn more — about JOBS' potential to change behavior, we see programs unable to realize this promise. In my view, this is a key reason the welfare reform debate has been joined again today.

Yet making JOBS work is critical to any attempt to move further. For example, it is hard to imagine a serious discussion of time-limiting welfare, with or without work at the end, unless JOBS does better at reducing the rolls. Too many people will hit the cliff — that is, the time limit — and either require subsidized work that is likely to cost the public more than welfare itself or face a dramatic loss of income, with unknown effects on families and children.

The task of JOBS implementation cannot be avoided. JOBS is the upstream program that must succeed better before time limits can realistically be afforded downstream. Thus, it is essential that we understand why JOBS has not transformed AFDC and act to make this happen.

In the rest of this testimony, I will discuss the challenge of welfare reform, the legacy from studies of pre-JOBS welfare-to-work programs, lessons on JOBS' effectiveness, steps to strengthen JOBS, and the implications for the current reform debate.

### The Challenge of Welfare Reform

To understand the passion in welfare reform debates, it is useful to recall the complexity (and disagreement) surrounding fundamental program goals.

When the federal government got into the welfare business in 1935, the aim was to help poor children. AFDC was intended to give poor mothers the same opportunity to stay at home with their children and *out* of the labor force that other mothers had. It represented what one researcher, Gilbert Steiner of the Brookings Institution, called a national commitment to the idea that a mother's place is in the home.

Since then, a series of changes — women pouring into the labor market, the increasing costs of welfare, the growing numbers of single-parent families, and concern about long-term dependency — undermined the 1930s view that welfare should provide an *alternative to work* and raised questions about the equity of paying one group of women to stay home on AFDC while others were working, often not by choice. The focus shifted toward trying to make welfare a *route to work*.

Welfare reform proposals since the 1970s have sought to balance the original anti-poverty goal against a new anti-dependency goal, always under pressure to minimize costs.

In the 1980s, efforts to encourage work took two main directions. The first was to make welfare less attractive, through dramatic cuts in real benefits. AFDC benefits have declined 45 percent in real terms in the last 20 years. In 1970, welfare benefits almost brought a family out of poverty; now they are only 40 percent of the poverty threshold. Even if offsetting increases in Food Stamps are taken into account, combined real benefits fell 26 percent over this period.

The second was to make welfare less an entitlement — if you were poor, you got money — and more a reciprocal obligation. This idea seemed simple: To get benefits, people would have to participate in activities designed to help them get a job.

In its most common form, this strategy has required welfare recipients to participate in employment-directed activities — such as education, job training, job search, or community work projects — or risk losing some welfare benefits.

The resulting welfare-to-work programs are, in part, an employment and training strategy, but they are also a welfare reform program intended to change the character and message of welfare from an entitlement to a participation requirement focused on work.

This tension between services and mandates, layered on the tension between welfare's anti-poverty and anti-dependency goals, means that different administrators or advocates have very different views of the basic goals and thus tools of welfare-to-work programs. People who emphasize raising earnings and reducing poverty tend to favor investing in education and training to improve job skills; people who emphasize reducing welfare dependency and costs stress enforcing a mandate (getting high participation) and maximizing job placements.

### Lessons from Pre-JOBS Welfare-to-Work Programs

The 1987-88 debate on welfare reform, leading to the passage of the Family Support Act, was nourished by widely believed evidence that welfare-to-work programs could work,

but also that the gains were limited.

Studies of the earlier 1980s programs (typically low-to-moderate-cost programs that focused on getting people into jobs quickly and provided some short-term unpaid work experience) had shown that states and counties could implement effective, large-scale programs and that different approaches in diverse environments could be double winners: increasing the earnings of participants and saving money for taxpayers.

However, the same studies also showed that many people remained on welfare and that most of those who went to work got relatively low-paying jobs that did not move families out of poverty. Also, by themselves, the programs did not increase the self-sufficiency of long-term welfare recipients — the people on whom the most is spent.

A recently completed five-year follow-up of people in these programs shows that impacts lasted for three to four years, but that eventually people in a control group caught up with those in the program. This catch-up did not erase the earnings gains and welfare savings that the programs achieved, but it did mean that the gains did not keep accumulating and suggests that these programs primarily got people to take jobs and leave the rolls more quickly than they would otherwise have done. The programs do not appear to have reduced the number of people who would still be on welfare five years later.

Three other findings are particularly relevant to the current debate:

- Impacts seem to have been driven by job search services, not by unpaid work experience. Unpaid work experience proved feasible to operate at relatively small scale, but there was little evidence that it led to positive employment and earnings effects or to a reduction in welfare receipt and payments. However, there was evidence that, at the scale realized, work assignments could be meaningful, were considered fair, and produced work of sufficient value to offset their approximately \$2000 to \$4000 annual cost per filled slot, excluding child care.
- A program in Baltimore that offered some education and training and more client choice of services was the only one to get people somewhat better jobs and to have had earnings impacts that continued for the full five years of follow-up.
- Another demonstration program — the Saturation Work Initiative Model (SWIM) in San Diego — was given full funding to test the feasibility and nature of a saturation participation mandate. Results showed that, even under ideal conditions, maximum monthly participation translated into about 50 percent of single parents with school-aged children being active in the program, in self-initiated education or training, or in part-time work.

The JOBS program sought to build on the strengths of these 1980s Work Incentive (WIN) Programs, but to do better. It provided more resources, extended the obligation to women with younger children, and shifted the emphasis to education and training. The hope was that, as a result, people would get better jobs with higher earnings and that the program would succeed in raising the earnings of the more disadvantaged.

In response to findings that today's teen mothers are all too often tomorrow's long-term welfare recipients, JOBS also required states — subject to funding availability — to extend an education mandate to teen parents who had not completed high school or its equivalent.

### Lessons on JOBS' Effectiveness

We now have important findings on JOBS' success for teen mothers and adults.

### Results from Ohio's LEAP Program

Ten years ago, Mary Jo Bane's and David Ellwood's research alerted people to the fact that, while most people spend relatively brief periods on welfare, some do not. Teen parents are at the greatest risk of becoming long-term welfare recipients, and more than half of welfare spending goes to families headed by women who first gave birth as teens.

The need to find effective strategies for teen parents is magnified by the encouraging but limited success of welfare-to-work programs for adults, particularly the most disadvantaged adults. This argues for strategies that can intervene early to prevent young mothers from becoming long-term welfare recipients.

But identifying a problem is not equivalent to having evidence of a solution. The Learning, Earning, and Parenting (LEAP) Program, developed by Ohio's Department of Human Services, is one of the first statewide large-scale attempts to put JOBS' school attendance mandate into practice.

LEAP uses an unusual mix of financial incentives and penalties, case management, and support services to promote school attendance. For a teen who attends school regularly, LEAP's bonus adds \$62 a month on top of the average \$274 grant; for a teen who attends poorly, LEAP reduces monthly grants by the same amount. The financial incentive is substantial, with a teen who attends school regularly receiving \$124 more per month than one who does not.

Results, now available for 7,000 teens in seven Ohio counties, show that:

- LEAP prevented some in-school teens from dropping out and brought some dropouts back to school.
- In-school teens experienced a 10 percentage point increase in continuous school enrollment during the year after they became eligible for LEAP.
- For dropouts, there was a 13 percentage point increase in the rate at which teens returned to school or entered adult education programs.
- Although the school completion story is not yet finished, early evidence indicates that LEAP may produce significant increases in high school graduation and GED receipt.

To produce these results, Ohio spent \$330 per teen per year in direct costs (that is, not including the cost of increased schooling), and at some point over an 18-month period scheduled fully 93 percent of the mothers for bonuses, sanctions, or both. While the typical teen came out ahead under LEAP, about 13 percent qualified for four or more sanctions and no bonuses. For this group — primarily teens who had been out of school for more than a year — LEAP produced no clear benefits and put their children at further risk.

While the findings are encouraging overall, it is too soon to know the payoff in improved high school graduation rates or whether LEAP's education gains will translate into improved labor market performance and reduced welfare receipt, the ultimate goals of the program.

LEAP's success results from actions by the welfare department, aided in many cases by in-school programs for teen parents. One can only imagine the potential synergy if these were combined with serious efforts to change the schools themselves — schools that LEAP teens all too frequently said they feared to attend. Although the causes of high dropout rates are clearly complex, LEAP's results point to the continued importance of efforts to improve the school environment for low-income youth.

The LEAP results are surprisingly positive. In considering their replication, it is



important to remember that the program was a package that included bonuses, sanctions, case management, child care, and transportation. We do not know which of these elements was most vital to the program's success.

### Results from California's GAIN Program

The most reliable information to date on JOBS' success with adults comes from MDRC's evaluation of California's JOBS program, called Greater Avenues for Independence (or GAIN) — a study conducted for the California Department of Social Services. The interim results are important because of the scale of the program (25 percent of AFDC funds and 12 percent of JOBS funds are spent in California); because, during the period studied, GAIN offered a good test of JOBS, with serious mandates and extensive education and training services; and because the study is particularly reliable, with a strong random assignment design covering 33,000 people in six counties, which together hold 52 percent of the state's AFDC caseload.

The findings are both encouraging and challenging:

- GAIN resulted in notable and increasing impacts on employment and earnings and some reductions in welfare costs. Importantly, in several counties this was also true for long-term welfare recipients.
- Results varied widely across the six counties studied. While, overall, GAIN's mix of services and mandates increased single parents' second-year earnings by 24 percent and cut welfare payments by 7 percent, impacts were particularly large in Riverside County, where earnings went up an average of 53 percent and welfare costs decreased by 17 percent.

If impacts of this magnitude — which are averages for every person in the JOBS program — could be replicated elsewhere, JOBS could have a substantial effect on work effort and AFDC costs and serve as an impressive building block of reform.

- The results also show that, with sufficient funding, JOBS *can* change welfare as we know it to a program with real obligations and real opportunities.

The news from California suggests that JOBS can make an important contribution to the overall effectiveness of welfare reform efforts. With resources and commitment, states that want to combine opportunities and real participation obligations can change the basic character of welfare and both increase employment and reduce welfare costs. Further, while on average the results are positive, at their strongest they represent a major achievement and evidence of what can be accomplished within the JOBS program.

Early findings on Florida's JOBS program, Project Independence, provide further evidence of positive results in another large and diverse state, but also suggest caution, since earnings impacts were concentrated among women with school-aged (as opposed to pre-school-aged) children.

While these results provide an encouraging early report card, for JOBS to promote change and transform AFDC, additional resources are required. In the current hard-pressed fiscal climate in most states, JOBS can provide only limited services to relatively small numbers of welfare recipients. As a result, the reciprocal obligation often exists largely on paper.

### JOBS as Welfare Reform

This story of mixed implementation success can be interpreted two ways. Some might urge that the country move on to new approaches. To this I would counter that,

unless JOBS works better, most of the next-stage activities now being discussed will have high risks. The task of JOBS implementation cannot be avoided. It will take time to change large institutions, but the research shows this is possible. We can do better.

In the language of the current debate, I would argue that one way to "change welfare as we know it" is to make JOBS real, and point to the example of Riverside, California, which emerged from the GAIN study, to show that this can happen.

More than any other place I know of, this program communicates a message of high expectations. When you walk into a GAIN office in Riverside, you are there for one purpose: to get a job. At orientation, job developers announce job openings; throughout, program staff convey an upbeat message about the value of work and people's potential to succeed. If you are in an education program — and about half of Riverside GAIN participants are — you are not marking time, as you can in some locations. You know that if you do not complete the program, or at least make progress in it, staff who are closely monitoring your progress will insist that you look for a job. Finally, if offered a job by a job developer, you have to take it or have your grant reduced.

Under this regime, welfare feels temporary. I would argue that it could feel more temporary than under a nominally time-limited program, where someone could volunteer for education, make no clear progress, and then spend an indefinite number of years working for benefits.

The Riverside model is only one possible version of a high-performance JOBS program. Other approaches may emerge as even more effective when longer-term research findings become available from California and elsewhere. The challenge at the federal and state levels will be to identify, replicate, and build on success.

#### **JOBS Approaches: Human Capital Development versus Immediate Job Placement**

What are the elements of an effective JOBS program? The 1980s studies provide a convincing record of the accomplishments and limitations of programs that offer mainly job search assistance and unpaid work experience. The record on human capital investment approaches is less clear. The JOBS evaluation, sponsored by the U.S. Department of Health and Human Services, places particular emphasis on credibly comparing these two approaches to resolve a central issue in debates about JOBS. Will investments in education, training, and other skill-building services lead to welfare recipients' getting better jobs, to reductions in poverty, and to greater success with long-term recipients?

Results are not yet available from that study, but there is relevant information from the GAIN and earlier evaluations.

**What are the returns to basic education?** A new report shows that California's GAIN program led to increases in the number of hours in basic education, and to increases in the receipt of a GED. However, welfare recipients in only one of the six study counties experienced increases in scores on a test of literacy and mathematical problem-solving. Moreover, at two years, there is as yet no link between sites with educational gains and sites with earnings gains (although the report argues that two years may have been too short a time to detect impacts, and points to some evidence that earnings may have improved at the three-year follow-up point). Further, the report notes that education gains are concentrated among individuals with relatively high levels of literacy and that test score gains are concentrated in the site that made special efforts to adapt existing adult education programs to the special needs of people on welfare. These mixed findings suggest that basic education in JOBS can make a difference, but that more than business as usual will be needed in order to succeed with the more disadvantaged.

**What are the lessons from Baltimore?** While these GAIN findings raise cautions about mandatory basic education in JOBS, the recent results from the five-year follow-up of 1980s programs cited earlier is a reminder of the limits of a primarily job-search program

and the possibility of greater long-term earnings gains from a human capital development approach. The Baltimore Options program, a not very mandatory program that offered education and training in addition to job search and work experience, had particularly enduring earnings gains, although it produced no welfare savings.

**The importance of the JOBS evaluation.** The new findings on basic education in GAIN may prompt some people to counsel shifting the focus in JOBS, while the findings from Baltimore point to the potential of human capital investments. Together, they imply that different approaches can be more or less successful in achieving different goals. Importantly, they also suggest that the evidence is not decisive, pointing to the significance of the direct comparison of human capital and labor force attachment approaches that forms the centerpiece of the JOBS evaluation that MDRC is conducting for HHS.

### Steps to Strengthen JOBS

It is easy to argue for making JOBS stronger. It is more difficult to outline how to achieve that. High-performance JOBS programs are likely to share certain features. Key among these would be the strong commitment to — and adequate resources for — working with all mandatory registrants; reasonable staff caseloads and reliable automated systems so that JOBS workers can monitor and report on participation; strong linkages between JOBS staff and welfare eligibility workers so that a new message can be communicated to welfare recipients; JOBS staff who promote the value of work and the capabilities of welfare recipients, who are willing to enforce participation mandates, and who know how to work with private sector employers. Focusing on these types of issues would shift programs more toward improving internal management and away from the necessary but largely completed work of building institutional linkages that has characterized implementation efforts until now.

This suggests a number of steps that HHS (or Congress, where appropriate) can take to expand and strengthen JOBS:

- Articulate a strong vision of the JOBS program. This will not be easy, because it will require choices as to the philosophy and values of the program, but it will help guide the system with regard to program objectives.

Such a vision might include refocusing the system on the goal of getting people jobs and on the concept of a reciprocal obligation. This could contain a continued emphasis on education and training, but complemented by an insistence on job search and employment for those not opting for, and not demonstrating a commitment to disciplined participation and progress in, those activities.

- Provide additional resources, with a substantially higher federal match, for states that increase program activity above current rates, and employ other measures to encourage states to draw down these resources and expand JOBS program staff and services.
- Strengthen the reciprocal obligation by requiring states to work with a much higher share of the caseload, but at the same time redefine and simplify the calculation so that the performance measure is both more logical and more accurate in reflecting staff enforcement than is the case under the current system.

One option would be to substitute for the current participation measure the concept of "coverage," whereby people would be counted as covered if, for example, they were active in the program, working part- or full-time, in the sanctioning process, or temporarily excused from participating (for specified reasons, and only for a certain percentage of

the caseload). Such a change would send a "saturation" message, reward staff efforts to enforce the reciprocal obligation and meet program rules, and be consistent with research lessons on effective programs.

- Provide increased technical assistance and training to state and local program staff on practices associated with success in JOBS.
- Require or encourage administrators both to use job developers aggressively in their JOBS programs and to implement variants of the approach used in Ohio's LEAP program.
- Continue efforts to identify effective JOBS approaches and techniques (particularly ones that are successful with long-term and potential long-term recipients) in order to assure a return to the expanded investment in JOBS.

### Implications for Further Reform

Past research suggests that, even with improved practices, JOBS programs by themselves are not likely to move very large numbers of people out of poverty or off welfare. (For example, even in Riverside, almost 50 percent of people slated for GAIN were still receiving full or partial AFDC grants two years after coming into the program.) But new changes may mean that future programs can do substantially better.

JOBS programs have been swimming upstream against a current of declining wages for the low-skilled. In that environment, they seem to help, but not to transform people's opportunities. One of the new elements on the political agenda is the commitment to making work pay, as exemplified by the recent expansion in the Earned Income Tax Credit. Given how difficult it has been to transform earnings capacity, this focus on making *any* job a better job may offer more direct promise of increasing self-sufficiency and reducing poverty.

Federal and state efforts to make work pay should make JOBS programs more successful by creating a positive synergy. With increased work incentives, economic forces will reinforce rather than pull against the goal of work mandates.

But, for most welfare recipients, stronger JOBS programs and work incentives still ignore half of the equation: the fathers of children on welfare. The constraint on what can be achieved working with single mothers (given their limited earnings capacity) is one rationale for the increased emphasis on child support enforcement.

Under the current child support system, men have an obligation to pay but no help in getting there. Some of the fathers of poor children have sporadic earnings, others work regularly, and many are unemployed. It is almost impossible for the child support enforcement system to sort this out: It has trouble finding the fathers and, when it does and they say they are unemployed, lacks a viable way to respond. Faced with this, some systems threaten the fathers with jail, others simply ignore them. Without direct evidence of income, the child support enforcement system has no way to make the mandate real for this crucial group of fathers.

Judges and state officials see a new demonstration, Parents' Fair Share, launched under the Family Support Act, as providing an opportunity to do that. Parents' Fair Share is designed to provide employment and training services and extend the reciprocal obligation to fathers of children on welfare, and thereby make child support enforcement a more effective vehicle to reduce poverty.

### Time-Limited Welfare

Another approach proposed at the federal and state level is setting a time limit after which welfare might end or employable welfare recipients would have to work in the private

sector or in community service positions. This is a controversial concept, of unknown cost, feasibility, and consequences. If subsidized work is substituted for welfare, how can this be done at reasonable cost? If all benefits end, what will prevent large numbers of women and children from becoming destitute and homeless?

Key questions about work at the end of a certain time period include: Can enough new "real" (rather than make-work) jobs be created? How many welfare recipients are not technically disabled but, at least temporarily, cannot work? Are there other groups (e.g., mothers of very young children) who should not be required to work? Should people in community service jobs work full time or part time? Should they be paid wages or work in exchange for welfare benefits? How will child care be provided? How will the time-limit clock be designed, and can existing state data systems provide the needed information? Finally, can and will the welfare bureaucracy manage and enforce the new obligations?

There is a lesson from the last ten years of research, which I have been describing today, that goes beyond the findings themselves and is relevant to a consideration of such far-reaching change. In the 1980s, welfare reform benefited — and a consensus around legislation became possible — when new ideas were rigorously tested at the state level before being expanded across the nation.

The numerous programmatic and fiscal uncertainties surrounding time-limiting welfare — and the inevitable up-front cost of current proposals (at a time when the public assumes that reform is synonymous with saving money) — suggest that this would also be a wise policy for the 1990s. A number of states, with federal waivers, are launching demonstrations of time-limited approaches, sometimes combined with measures to increase work incentives. Evaluations of these programs should provide some of the answers.

## Conclusion

Since 1967, Congress has sought to substitute for AFDC's entitlement structure a reciprocal obligation intended to reduce welfare and increase work. The 25-year history of underfunded attempts makes it hard to know the full potential of this strategy. However, the 1980s research and the new findings on JOBS provide conclusive evidence that this approach can change the character of welfare and, at its most successful, be notably effective.

But there is a big gap between the average and the exceptional program. In many communities, there are expanded services, but the Family Support Act's vision of requirements has yet to be implemented. Institutional change takes time, and JOBS is at a stage where programs need resources and strong incentives to build on and go beyond what has been accomplished so that the JOBS vision can be adequately tested.

Yet this is a time of clear risk: risk that new reforms will compete with JOBS for limited resources; risk that interest in creating large-scale community work experience programs would so absorb JOBS staff that they would be diverted from their effort to get people off welfare; and ultimately risk that JOBS would revert to the more anemic version of WIN that it was meant to replace.

A key to reducing the number of people supported on welfare or in subsidized work, and to changing the character of welfare, is to help JOBS achieve its potential — through adequate funding and efforts to make the mandate (as well as the opportunity) real. If JOBS were fully implemented — with tough obligations, adequate services, and high expectations focused on work — welfare could feel different and more transitional. Other state and federal reforms may have the effect of making JOBS even more successful, but should not divert administrators from the tough work of changing practice in the field.

The coming year will be critical to determining the potential for expanding JOBS and bringing the system up to the performance of the more effective JOBS programs. Our past history of welfare reform is one of underfunded efforts and limited real change. The challenge will be to avoid repeating that.



Mr. KOPETSKI. Thank you very much.

Mr. Greenberg. Good morning.

**STATEMENT OF MARK GREENBERG, SENIOR STAFF ATTORNEY, CENTER FOR LAW AND SOCIAL POLICY, WASHINGTON, D.C.**

Mr. GREENBERG. Thank you, Mr. Chairman.

Mr. Chairman, in listening to the testimony of others this morning and in my own written testimony, there are some remarkably consistent themes. One is that the JOBS program needs more resources.

One is that we need to recognize that this is a program that is relatively young and is going to need time to grow.

One is that we need to recognize that there are enormous variations among JOBS programs, some performing much more effectively than others. There needs to be an ability to learn how they best perform and how to build on the successes of those who perform best.

The fourth theme is that we need to have reasonable expectations for what any JOBS program can accomplish and the role that it can play, both in reducing welfare and in reducing poverty.

I want to amplify on several of those themes. First, on the issue of resources, it really is important to appreciate that if we want JOBS to be the centerpiece of AFDC, it has to be funded to reflect that. Under current law, States are at approximately 10 or 11 percent monthly participation in the JOBS program. A greater number of people are probably affected over the course of the year, but in any given month, it appears to be in the range of 10 to 11 percent.

This is despite the fact that if a State was requiring participation from everyone who the State could require participation from, the number of nonexempt people probably approaches something like 80 percent. To a great extent, the issue is not that the remaining exemption rules need to be changed to mandate more participants. The issue is that there needs to be more resources in the program.

At the same time, we also need to appreciate that even if we doubled the resources in the program right now, perhaps States would reach 25 percent participation. We are very far from a vision of universal participation. It may be a vision that some would like to eventually reach, but we are really quite far from it at this point.

In terms of the program itself, I think there is tremendous encouragement from those who are involved in working in the program around the country and in those of us who look at programs and watch them and talk to the people involved in programs. I think there is tremendous encouragement in what people feel they are accomplishing, that they feel that JOBS really has made some dramatic differences for those who can receive services, in better linking people up with education and training and employment-related opportunities.

At the same time, a central problem in the program at the Federal level has been that it is a program that has been obsessed with measuring participation and not with looking at outcomes. So at the Federal level, there is massive information about participation rates and the number of people who participate and the num-

ber of hours they participate, but virtually no information about program outcomes.

As we move to thinking about welfare reform, and discussion of 2-year limits and what can reasonably be accomplished in 2 years, it would be enormously valuable if we knew what States are accomplishing in 2 years right now.

For people who begin JOBS participation, where are they 2 years later? To what extent is it a program that can bring them toward self-sufficiency, under anyone's definition of self-sufficiency, or even bring them remotely close to self-sufficiency?

There are huge data vacuums because the Federal Government is not collecting this information. To a great extent, one problem facing many States is that the message that the Federal Government has sent is that the central goal of the program is to generate and measure participation.

As we look ahead to welfare reform, we have to be focused not just on participation but on program outcomes.

In terms of program outcomes, there is a lot that we would like to know that, unfortunately, we don't because the data isn't there. From the MDRC experiments that have been talked about this morning, we know that effective JOBS programs can raise employment rates, that they can help people enter employment more quickly, and that under some circumstances they can raise the earnings of people who get jobs.

But there are also some fairly strong indications that even the most effective JOBS program does not fundamentally alter the need for an AFDC program. It can reduce the number of people who need assistance, but even in the most effective JOBS programs there are still very substantial numbers of people who, 2 years after they begin participation, are still in receipt of AFDC.

So the notion of saying, if States simply run an effective JOBS program, it ought to be possible for very few people to reach a 2-year point on AFDC is simply not supported by the available evidence.

The last theme I would like to briefly discuss is the issue of changing the culture of the AFDC office. To some extent, JOBS didn't fundamentally change the culture of the AFDC office because it has only been able to affect a limited number of people each month.

But also, to a great extent, the problem in the AFDC office is that there are caseworkers with extremely large caseloads and who are overwhelmed with the burdens of the paperwork of the AFDC system. So what JOBS has meant for them is additional paperwork.

If we want to change the way that AFDC offices think about employment, then we have to fundamentally think about ways of changing some of the rules of the AFDC program to dramatically simplify the eligibility process, to free up caseworkers' time so that they have an ability to talk about something other than verification of eligibility, and we also need to think about the earnings rules of the AFDC system.

One of the things that is striking in the recent developments—  
[Bell.]

Mr. KOPETSKI. I didn't do that.

Mr. GREENBERG. I am very close to finishing.

One of the things that is striking in recent developments is that a number of States have shown increasing interest in changing the AFDC earnings rules. In the current system, for all practical purposes, after 4 months on the job, for each dollar a family earns, the family loses \$1 in assistance.

A number of States have been interested in changing that. From States that have made changes through waivers there are some early indications that improved treatment of earnings appears to raise employment rates. And, whatever other effects it has, the approach certainly reduces the poverty of the working poor.

If we want to think of AFDC as a system which encourages work and supports work, we have to think about ways in which the AFDC office and the rules of the AFDC program can be changed in ways which fundamentally support people who go to work.

Thank you.

[The prepared statement and attachments follow:]

# **TESTIMONY OF MARK GREENBERG CENTER FOR LAW AND SOCIAL POLICY**

Members of the Subcommittee;

My name is Mark Greenberg. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a non-profit organization engaged in research, analysis, technical assistance, and advocacy on issues affecting low income families. My primary area of work involves federal and state welfare reform efforts. Since enactment of the Family Support Act, I have closely followed and written extensively on the law governing the JOBS Program, developments in state implementation of JOBS, and data and research relating to JOBS implementation. I greatly appreciate having an opportunity to talk with you today about the status of the JOBS Program.

In my testimony today, I would like to make three primary points:

- At any given point, the JOBS Program involves only a small minority of AFDC recipients. However, that is not because states lack the authority to require greater participation; it is because states lack the resources to involve more people. Ultimately, the key to having a program that reaches more people is an expansion in program resources.
- Based on how federal data is collected, we will eventually know quite a lot about the extent and nature of JOBS participation, but almost nothing about outcomes of JOBS participation. It is essential to shift the focus of the program from one that almost solely measures participation to one which also attends to outcomes.
- The limited available information about JOBS outcomes and impacts offers a fairly clear picture: an effective JOBS Program can raise employment rates and earnings of AFDC families. At the same time, not everyone succeeds in getting a job, and those who do often enter into low-wage jobs and jobs that do not last. We are now in an environment where some are suggesting that with effective services, very few people should reach the point of needing AFDC more than two years. From the existing JOBS data, there is no basis for believing that even the most effective JOBS Program can end the need for AFDC.

In the next few minutes I would like to expand on each of these points.

**The primary constraint on the number of JOBS participants is the availability of resources.**

While many areas of welfare policy are hotly disputed, there is probably relatively little disagreement on one basic point: the JOBS Program needs to be bigger. It is generally recognized that the current program reaches only a small minority of AFDC recipients in any given month. While some people emphasize the need to expand services and others emphasize the need to expand mandates, there seems to be broad agreement that the JOBS Program should involve more people.

In discussing JOBS participation data, I need to initially note that only very limited information is available for FY 92, and no data for FY 93 is currently available. Due to state difficulties in reporting and federal difficulties in cumulating and publishing data, much of the information we would want to present a clear picture of the nature of JOBS participation is not available at this point.

In FY 91, in an average month, the number of JOBS participants nationwide was either 460,914, or 498,195, or 500,674, depending on which report one uses. In any case, this represented about 11% to 12% of adult AFDC recipients. In FY 92, the average number of participants each month is estimated to be in the range of 500,000, probably also representing about 11% of adult AFDC recipients. The HHS Budget does not provide a precise number, but does indicate that currently, over 500,000 people are active in JOBS programs each month. This monthly figure is a measure of those who were involved in the program in some way in an average month. As such, it is important to keep in mind that:

- When we say about 500,000 AFDC recipients were involved in JOBS in a month, that is not the same as saying the JOBS Program only reaches 500,000 AFDC recipients. Over the course of a year, a larger number of people will participate in the program, though there is no figure reflecting that number. Thus, more families are involved in the program in some way over time, but in any given month, JOBS affects about 11% of adult recipients.



- Due to the complexities of the JOBS participation rate calculation, there will always be a difference between the number of JOBS participants and the number of "countable participants" for participation rate purposes. Only those persons who, as a group, average 20 or more hours of scheduled activity each week and attend at least 75% of scheduled hours are "countable participants." Hence, the number of "countable participants" will generally be lower than the number of participants, and it is entirely possible that a state's countable participants could increase or decrease while the state's number of actual participants remains constant.

In any case, the key fact to appreciate is that on a monthly basis, JOBS involves a small fraction of AFDC families. Whenever anyone speaks about an ultimate vision of universal participation, we need to keep in mind how far the current system is from that vision.

The limited number of participants is not because states lack the authority to do more. To the contrary, a state exercising available federal options could probably require participation from approximately 80% of adult AFDC recipients. This is sometimes a subject of confusion because of how data is reported. For instance, according to data in HHS' **Characteristics and Financial Circumstances of AFDC Recipients FY 91**, it appears that in FY 91, approximately 57% of adult AFDC recipients were coded as being exempt from JOBS participation. In part, this reflects the fact that JOBS was not required to be statewide until October 1992; in part, it reflects a large number of exemptions based on the age of children and the lack of availability of child care. However, in FY 91, a state exercising all available options under federal law could have required participation from the vast majority of AFDC families. Under federal law, a state may set its age of exemption when a parent is caring for a young child at age 3, or may drop the age of exemption to as low as age 1. Of the 54 jurisdictions, 41 currently set their age of exemption at age 3; five use age 2, and eight use age 1. In FY 91, only about 9.5% of AFDC families had a child under age 1; however, not even all of these would have been exempt, since parents under 20 who have not completed high school do not receive the exemption for having a young child. All other exemption reasons (excluding remoteness from program activities) comprised another 11% of AFDC recipients. Accordingly, it seems clear that under current law, a state could mandate participation by approximately 80% of adult AFDC recipients.

When one compares the potential to require participation by 80% with actual participation by 11%, it seems clear that the barrier to additional JOBS participation is not the exemption structure of federal law; it is the availability of resources to fund additional participants.

On the issue of limited resources, there are really three different problems: many states have been unable to draw down all available federal JOBS funds; the federal cap on JOBS funds limits the amount that can be drawn down; and the expense of child care functions is a major constraint on JOBS participation.

As to drawing down available funds, states have made progress in each of the last three years, but are still short of obligating all available funds. HHS staff indicate that states obligated \$568,284,439 of \$1 billion available for FY 91; \$686,250,460 of \$1 billion available for FY 92; and according to preliminary figures, \$823,211,471 of \$1 billion in FY 93. Thus, in the last three years, states left over \$900 million in federal funds unobligated when those funds could have been used for JOBS expansion.

While states plainly left unspent available funds, it is important to keep two facts in mind when considering state spending:

- First, JOBS spending is reasonably close to what was originally projected by the Congressional Budget Office. CBO originally estimated that states would spend 60% of the capped entitlement in FY 91, 64% in FY 92, and 59% in FY 93. The JOBS capped entitlement was intended to establish limits on state spending, and was not initially intended as a statement of what the state "should" spend. Only in the last few years have many observers treated a state's not drawing down its capped entitlement as a failure to do so.
- Second, even if states were spending every cent of their capped entitlements, JOBS would still only be reaching a small minority of AFDC recipients. The program involved 11% to 12% of recipients each month in FY 91 and FY 92, when the states obligated 57% to 69%



of available funds. Thus, even if all available funds were obligated, it seems unlikely the program would have reached much more than perhaps 20% of the AFDC population.

While most states did not approach their caps in FY 92, a small number (Arkansas, Hawaii, Idaho, Maryland, New Hampshire, New York, Oregon, and Wisconsin) drew down at least 95% of their capped entitlements, and a greater number of states did so in FY 93. Thus, the issue of making additional funds available to those states that reach their caps looms as a larger issue for the future.

The other major constraint on JOBS spending is child care. AFDC child care spending has grown rapidly in the last several years. Federal AFDC child care spending increased from \$263 million in FY 91 to \$360 million in FY 92 to \$482 million in FY 93. This is in sharp contrast with the initial expectations of some observers that child care costs for JOBS implementation would not be substantial. Moreover, many state agencies readily acknowledge that the cost of child care is the primary factor limiting the growth of the JOBS Program. Indeed, the major area of litigation around the Family Support Act has concerned the unavailability of child care assistance. In six states, there have been lawsuits filed by individuals who wanted child care assistance in order to participate in education and training programs, and who were not being allowed to participate in JOBS.

In contrast with JOBS, child care is an uncapped entitlement, so the limit on state spending here is not a federal cap; rather, it is the requirement that states must provide matching funds in order to generate federal match for child care at the Medicaid match rate. As this subcommittee considers future expansion of the JOBS Program, there is a real need to consider improving the match for child care expenditures.

Additional funding and an improved match rate for JOBS and child care can expand program participation. At the same time, we need to acknowledge that without a very substantial infusion of funds, the program cannot possibly approach the sometimes-articulated vision of universal participation. Doubling the number of participants would still result in a program involving less than 25% of AFDC adults. However, the next 500,000 participants can be anticipated to cost more than the first 500,000. In part, this is because states often drew on activities available without cost for their initial JOBS placements; at some point, such slots cease to be readily available and further slots must be purchased. In addition, new participants may be more likely to have younger children and higher child care costs.

The key point here is that we are not close to universal participation and should not lead the public to believe that we are. In many respects, the JOBS Program has been a victim of unreasonably high expectations since its earliest days. Whatever level of resources Congress ultimately chooses, it is important that public expectations not be disproportionate to the program's resources.

**At the federal level, JOBS has sought to measure participation rather than outcomes. As a result, we know very little about JOBS outcomes, and for many administrators, generating participation has been the principle program goal.**

Just as there is broad agreement on the need to expand JOBS, there is also broad agreement that to be a success, JOBS needs to raise the employment rates and earnings of AFDC families. Beyond this general framing of the goal, there are often serious disagreements about the appropriate balance between immediate job placements and longer-term education and training. However, over some time frame, the program must be measured by its success in increasing employment and earnings.

Unfortunately, federal data reporting requirements provide virtually none of the data that one would need to answer almost any question relating to JOBS outcomes. On basic, fundamental questions about JOBS outcomes, there is no available federal data.

It is important to appreciate how profound the data gaps are. Initial JOBS implementation began in July 1989. Through September 1991, states were never asked to collect or report any information whatsoever about employment entries. Beginning in October 1991, states began to be subject to requirements for a sample-based reporting system, in which they must provide information about a sample of cases each month. In this sample-based system, states must report a few pieces of information relating to employment entries: whether the sample member entered employment in that month or the prior month, the wage at employment entry, the number of hours of employment in the month, and an occupational code. At some point, HHS may generate a report based on this

information, though none has been issued to date. Even this data, however, will likely be difficult to use. States are asked to report an employment entry if the sample member entered employment this month or last month. Some states report this data for a sample, and others for the entire universe. As a result, it may be difficult or impossible to even accurately determine the number of JOBS participants who entered employment in a month.

As a result, if this subcommittee wants to know how many people have gotten a job after participating in the JOBS Program, HHS cannot presently answer the question. Apart from job entries, there are a multitude of other important questions for which there is no available information: what is the average wage at employment entry; what percentage of jobs are part-time or full-time; do the jobs provide health care benefits; how many people who enter jobs are still employed at any designated later point in time? None of this information exists.

I appreciate that outcome information is always incomplete and potentially misleading, because it does not answer the question of program impacts. At the same time, it seems clear that having some information about the nature and type of jobs people receive after JOBS participation could be useful. As we enter into a welfare reform debate, we would all benefit from information about the extent to which jobs provide adequate income to approach or exceed the poverty level, whether the jobs offer benefits, and the extent to which job entries are accompanied by job retention. Yet we will need to conduct the debate without any of this information.

Why does none of this information exist? One part of the answer involves initial decisions by Congress in enacting the Family Support Act, though the larger part of the answer concerns decisions made by HHS in initial JOBS implementation.

When Congress enacted the Family Support Act, there was no consensus on appropriate program performance standards. As a result, Congress legislated participation rates and targeting requirements to take effect in the program's early years, and provided that states would be subject to fiscal penalties for failure to meet participation rates and targeting requirements. Congress also mandated a set of reporting requirements, which did not explicitly include any reporting of program outcomes. At the same time, Congress directed HHS to report to Congress by October 1993 with a set of recommendations for performance standards.

In turn, HHS imposed extensive participation reporting requirements on states, but opted to impose no outcome reporting requirements through September 1991, and only minimal outcome reporting requirements subsequently. Though October 1993 has now passed, HHS has not yet submitted recommendations to Congress for any program performance standards. While it seems likely that some sort of performance standards will be incorporated into the Administration's welfare reform proposal, the fact remains that almost five years after states began implementing JOBS, there are no federal performance standards and virtually no federal outcome reporting requirements.

As I've suggested, one consequence of this data vacuum is that we lack a great deal of information that could help inform the welfare reform debate. However, there has been another serious consequence: in the initial years of JOBS implementation, the federal government sent a powerful message to states that the goal of the program was participation; that participation was the primary aspect being measured, and the primary basis for which states could suffer fiscal penalties. As a result, in many communities, the central focus of the JOBS Program has been meeting participation rates. This is an instance in which you get what you measure, and the signal sent to states was that they would be measured on participation. Notwithstanding this message, some states proceeded to develop their own outcome measures and their own measures of program success; you will be hearing from several of those states later this morning. At the same time, it is important to appreciate that there are other states that are unable to report any information whatsoever about the employment outcomes of the JOBS Program.

Observers sometimes ask why states have made such limited use of work supplementation, on-the-job training, and work experience programs in their JOBS efforts. There are a number of factors affecting the mix of program activities, but one has likely been the pressure of JOBS participation rates. When the major task of an administrator is to generate some number of persons participating for 20 hours a week, the administrator necessarily must consider which components most easily generate a number of 20-hour participants. Those components which require individualized attention to each slot are not an attractive way to maximize participation.

There are two important lessons here for the next round of welfare reform discussions. First, it is important to keep in mind that, in enacting new legislation, there is a real virtue in asking what information you will hope to have in five years, and ensuring that it is collected. Second, it is important that Congress not again defer the question of how to judge performance, and that the central focus of the system cannot be process alone; there must also be attention to program outcomes.

**An effective JOBS Program raises employment and earnings, but still leaves many people without jobs, or in jobs that pay little or do not last. Even the most effective JOBS Program does not end the need for AFDC.**

Despite the gap in federal data reporting, we do have one important source of information that tells us that JOBS Programs can be effective in raising employment and earnings: the evaluations of state programs conducted by the Manpower Demonstration Research Corporation. In the last year, MDRC has issued reports on California's GAIN Program and Florida's Project Independence. Each of these reports underscore a conclusion suggested by prior research: that programs providing employment services to AFDC families generally raise the employment rates of those families, can increase the speed with which people get jobs, and can raise the earnings of those who enter employment.

Apart from noting these overall impacts, however, the MDRC data provides some other information which needs to be considered in the welfare reform debates: in particular, the MDRC data suggests three points that are insufficiently noted in the current debates:

- While a JOBS Program can raise employment rates, and can raise them significantly, it is nevertheless true that most AFDC employment entries are the result of individual initiative and are not attributable to JOBS. In many instances, the jobs attained by both JOBS and non-JOBS participants still leave the individual's family deep in poverty. Accordingly, there needs to be far more attention to how the AFDC system supports and does not support employment.
- Second, we place a great deal of attention on individual employment entries, but far less attention to issues of employment retention and progress over time. Yet looking at employment rates over time for those subject and not subject to JOBS requirements underscores the significance of the issue of job retention.
- Finally, in the current debate, some people are suggesting that with a strong JOBS effort, it should be possible to have only a small group of people who reach the two-year point of AFDC receipt. To the contrary, even with a very high-impact program, there is no reason to believe that only a small group will need AFDC for more than two years.

As a framework for this discussion, it is useful to lay out some of the key results described in MDRC's studies of California's GAIN Program and Florida's Project Independence.<sup>1</sup> For the GAIN Program, data exists from the two years following the quarter of random assignment; for Florida, data is available for one year following the quarter of random assignment. As you know, GAIN led to statistically significant increases in employment, earnings, and reductions in AFDC payments. Over two years, there was a 12.4% increase in the percentage ever employed, a 20.5% increase in average total earnings, a 2.2% decrease in the percentage receiving AFDC, and a 5.6% decrease in average total AFDC payments. Here are some of the key findings on employment rates and AFDC receipt from the GAIN evaluation:

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<sup>1</sup> The data in the following discussion is drawn from Friedlander, Riccio, and Freedman, **GAIN: Two-Year Impacts in Six Counties** (MDRC, May 1993) and Kemple and Haimson, **Florida's Project Independence: Program Implementation, Participation Patterns, and First-Year Impacts** (MDRC, January 1994). While the data is taken directly from the MDRC reports, I am solely responsible for the following analysis of the data

| Employment and AFDC Receipt Outcomes<br>for Experimentals and Controls<br>for Six California Counties |               |          |
|---|---------------|----------|
|   | Experimentals | Controls |
| Ever Employed Over Two Years  | 50.5%         | 45.0%    |
| Employed in Last Quarter of Year 2  | 28.6%         | 22.9%    |
| Ever Received AFDC, Last Quarter of Year 2  | 61.3%         | 62.7%    |

In the GAIN evaluation, a great deal of attention has been paid to the program in Riverside, California. Riverside's GAIN Program raised earnings for single parent families by 55.5% over two years, and led to a 14.2% reduction in total AFDC payments. Riverside's impacts were the highest ever measured in a random assignment evaluation of a welfare-work program; here are some key employment rate and AFDC receipt findings:

| Employment and AFDC Receipt Outcomes<br>for Experimentals and Controls<br>for Riverside GAIN Counties |               |          |
|---|---------------|----------|
|   | Experimentals | Controls |
| Ever Employed Over Two Years  | 62.7%         | 45.9%    |
| Employed in Last Quarter of Year 2  | 35.2%         | 24.0%    |
| Ever Received AFDC, Last Quarter of Year 2  | 46.7%         | 52.0%    |

Earlier this year, MDRC released the first year findings from Florida's Project Independence, finding that the program resulted in a 5.3% increase in the percentage ever employed, a 6.6% increase in average total earnings, a 1.8% decrease in the percentage receiving AFDC, and a 6.7% decrease in the average total AFDC payments over the first year. As with GAIN, here are some key findings concerning employment rates and AFDC receipt:

| Employment and AFDC Receipt Outcomes<br>for Experimentals and Controls<br>in Florida's Project Independence |               |          |
|---|---------------|----------|
|   | Experimentals | Controls |
| Ever Employed Over One Year   | 55.3%         | 52.5%    |
| Employed in Last Quarter of Year 1  | 36.5%         | 34.3%    |
| Ever Received AFDC, Last Quarter of Year 1  | 64.3%         | 68.6%    |

The Florida data clearly demonstrates how families entering employment may still be extremely poor. While the majority of both the experimentals and controls entered employment during the year, only 13.5% of the experimentals and 12.8% of the controls had earnings of \$7000 or more for



the year. In part, this reflects the fact that individuals did not work for the full year. However, if the employed program group members worked year-round, at the earnings level attained in the fourth quarter, they would average an annual income of \$7814, falling short of a full-time minimum wage worker (who would gross \$8500) and falling far short of the poverty level. For employed control group members in the fourth quarter, annualized average earnings would be \$7848, slightly above those who had the benefit of Project Independence.

When one looks at the employment entry data for these programs, several points stand out:

- A JOBS-type program raises employment rates, and a highly effective program can raise employment rates in a substantial way;
- Even without program services or mandates, many AFDC recipients enter employment. In California, 46% of the control group members entered employment over a two year period; in Florida, over half (52.5%) of the control group entered employment in one year.
- With or without JOBS services, those entering employment may still be quite poor;
- In both the experimental and control groups, there is a striking contrast between the number ever entering employment and the number employed in the last quarter. For GAIN overall, 51% of experimentals entered employment at some point, but only 29% were employed in the last quarter of the two year period. For the GAIN control group members, 45% entered employment, but only 23% were employed in the last measured quarter.
- An effective JOBS Program can reduce AFDC receipt and AFDC payments, but it has not yet ended the need for AFDC. For California's six counties, in the last quarter of the two year period, 61% of experimentals (as against 63% of controls) were receiving AFDC. For Riverside County, 47% of experimentals (as against 52% of controls) were still receiving AFDC.

From these findings, I draw three broad conclusions:

First, as already suggested, it is both desirable and important to act to expand the JOBS Program.

Second, we need to recognize that the JOBS Program is not the primary reason why AFDC recipients enter employment and that most of those who enter employment are not doing so because of JOBS services or mandates. However, among both those who do and don't receive jobs through the JOBS Program, insufficient wages and job retention are major issues. Despite this fact, state AFDC and JOBS efforts typically provide little or no support to working AFDC recipients in helping them succeed in employment. From existing data, it is probably not possible to isolate how much of the job retention issue is due to problems such as child care or health care, lack of adequate income in low-wage jobs, job readiness issues, or the characteristics of the low-wage labor market itself. However, there are several ways that AFDC policy could be restructured to support low-wage workers and help encourage job retention:

- AFDC could improve its child care assistance to employed AFDC recipients. Under current law, states are free to offer employed recipients no child care assistance except use of the AFDC dependent care disregard, which may have the effect of limiting employed recipients to the cheapest and least reliable forms of care. Working AFDC recipients could be better supported if their child care access and options were expanded.
- Case management assistance for working AFDC recipients could be encouraged or mandated. Under current law, states have an option to provide case management for 90 days after a JOBS participant enters employment and leaves AFDC. However, many programs do not provide this assistance, and a large number of those who leave AFDC for employment did not participate in the JOBS Program.
- The availability of transition benefits could be strengthened. While transitional child care continues to grow slowly, the program is still far below its initial expectations. Eligibility rules and the process for attaining transitional child care could be simplified. The complicated reporting requirements for transitional Medicaid could be reduced or eliminated.



Finally, it is time to revisit AFDC's rules for treatment of earnings. Since 1981, federal rules have essentially provided that after four months on the job, all earnings except the first \$120 result in a dollar-for-dollar reduction of assistance. This sharp penalty on employment earnings virtually assures that a working family loses AFDC assistance while still deep in poverty. In the last year, several data sources have begun to suggest that improving the earnings rules can raise the numbers of families entering employment. For example, in New York's CAP Program, assistance is only reduced by \$.10 for each \$1 a family earns when below the poverty line; in the two year findings, families in the CAP treatment group had average monthly earnings 27% higher than the control group; in Monroe County, the highest impact county, average monthly earnings increased 53%, a figure comparable to Riverside's impact.<sup>2</sup> In addition, under federal waivers, a number of states are now experimenting with improved earnings rules, and initial results are encouraging. By waiver, Michigan uses a permanent \$200 and 20% disregard. In September 1992, 15.7% of Michigan's cases had earned income (33,589 of 213,320 cases); by December 1993, 23.3% had earned income (50,838 of 217,744 cases). Utah is operating a three county demonstration project with a \$100 and 45% disregard, and reports that the percentage of cases with earnings in the demonstration sites has increased from 18% to 24%; at the same time, preliminary indications are that grant costs for the experimental group have declined more than grant costs for the control group. Illinois has just begun a waiver project under which 2/3 of earnings are disregarded; Illinois officials indicate that in the initial months of the project, reported earnings cases have increased by one-third. Taken together, these indications strongly suggest that Congress needs to revisit AFDC's treatment of earnings, as a means of supporting and encouraging work, and as a means of reducing the poverty of working poor families.

In short, if those who enter jobs often enter into employment which is poorly paid, or unstable, or both, it is necessary to consider ways in which the AFDC system can better support and help low wage workers.

My third conclusion is that an effective JOBS Program can reduce, but not end, the need for AFDC. As this subcommittee appreciates, there are now numerous discussions in both the states and in Washington about the idea of time-limiting AFDC. Proposals often differ dramatically in what would happen to those who reach the time-limit, but a frequent theme of proponents is that JOBS-type services will be greatly expanded, and that only a small number of people should reach the time limit. The California and Florida data suggest that this notion is wrong.

In California's GAIN results over six counties, most (61%) of those who became subject to GAIN requirements were still receiving AFDC in the last quarter of the two-year period. It is particularly instructive to look at Riverside County. As I've noted, Riverside had the highest impact ever measured in such an evaluation, and the county plainly has a number of exemplary practices. At the same time, 47% of those subject to GAIN requirements (and 52% of the control group members) were still receiving AFDC in the last quarter of the two year period. It is also important to keep in mind that the GAIN evaluation did not involve parents of children under age 6. Taken together, these factors suggest that if every program in the country could be raised to Riverside-style quality, there would still likely be a very large number of families who need AFDC more than two years.

Florida's results underscore this point. Some people are now asserting that the principal problem with JOBS is that it is not sufficiently employment-focused. Florida's program involved a strong job search focus, a very broad definition of "job ready", and a ready willingness to initiate sanction proceedings against those who did not comply with program rules. Nevertheless, at the end of one year, the program did not fundamentally alter the need for AFDC. Of those subject to program requirements, 55% (as against 52.5% of those in the control group) had entered employment; 36.5% of experimental group members (as opposed to 34% of control group members) were employed in the last quarter; and 64.3% of experimental group members (as opposed to 68.6% of control group members) were still receiving AFDC. Moreover, Florida's evaluation involves the first JOBS evaluation which includes impacts for parents of children under age 6; no statistically significant earnings gains were demonstrated for this population. The Florida results suggest that simply returning to a 1980s-style emphasis on job search is not likely to have dramatically better impacts now than it had then.

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<sup>2</sup> Hamilton, Burstein, Hargreaves, Moss, and Walker, **The New York State Child Assistance Program: Program Impacts, Costs, and Benefits** (Abt Associates, July 1993).

These cautionary notes are in no way intended to be dismissive of what a strong JOBS Program can accomplish. There are still many unresolved questions about how to strike the best balance between human capital investment and immediate job placements, and about how to best ensure that all program components reflect a goal that the ultimate emphasis must be employment. These concerns, however, are intended to suggest that even with a strong JOBS Program — under anyone's vision of a strong JOBS Program — there is still a clear need for a safety net structure for poor families, and that need does not disappear at the two-year point. Congress may ultimately be called on to debate the pros and cons of work-for-wages, community work experience programs, and other possible approaches to addressing those who have received aid for two years. However, Congress should not enter that discussion with the assumption that with a high-quality JOBS Program, only a small number of people would ever reach the two-year point. JOBS can be a part, but only a part, of an anti-poverty and welfare reduction strategy. If Congress' ultimate goal is to reduce the poverty of poor families, it is necessary to expand the JOBS Program, but to broaden the discussion to focus on the array of policies needed to reduce family poverty.

Mr. KOPETSKI. Thank you for your ringing testimony. [Laughter.] That was bad.

We will hear from Mr. Shaw first this morning.

Mr. SHAW. Why do I have to follow that statement?

Mr. KOPETSKI. I know. [Laughter.]

Mr. SHAW. Thank you, Mr. Chairman.

Dr. Gueron, I was delighted to see you inject the name of Mr. Townsend in your testimony, and I am glad to see he is on the next panel. He is one of my heroes and one of the few success stories that I think we really have in restoring self-esteem to people and pushing them out the door, teaching them to fly.

I think, though, and Mr. Greenberg, I think this leads me into your testimony, because the paperwork and the overwhelmed AFDC workers, if we are going to redo welfare as we know it today, if we are going to be successful in a bill, such as the Republican bill with 162 cosponsors which the President has picked up on, we have to—do I get the bell, too? [Laughter.]

We have to be sure that there are resources out there. But we also have to energize those people in the AFDC offices. Their mission will be quite different. Their mission will be to get people off of welfare.

You said in your oral testimony that we would encourage them to work. Why would we not require them to work?

Mr. GREENBERG. I think there is no question that we envision a system which both encourages and requires. One of the things which is striking in the MDRC numbers is the behavior of control group members—the people who didn't get services and weren't subject to requirements. When one looks at the control group members, one sees a system where very large numbers of people do enter employment on their own.

It is clear that when programs provide services and impose mandates, there is an increase in employment rates. But it is also the case that when we look at the system as a whole, there are very large numbers of people who enter employment on their own and in the existing system are treated very badly when they do, in terms of the verification requirements that are imposed on them, the treatment of their income, the lack of attention to support services, and the lack of attention to transitional services.

One theme which emerges, in looking at the MDRC numbers is that while significant numbers enter employment, there is also a lot of job loss. In many instances, jobs are not retained for lengthy periods of time.

We need to think about how to get more people into work. We also need to think about how to help them succeed when they do enter work.

Mr. SHAW. Do you think that the loss of jobs and the fact that such a high percentage of people on AFDC will be on welfare in an average of 8 years by the time they get out, do you think that part of the problem is that the AFDC clicks back in as soon as they lose that job?

In other words, the problem as I see it, is that mothers can get into the welfare system in this country, with food stamps, AFDC, and various other benefits, and receive over \$12,000 a year in bene-

fits. If you take a minimum-wage job, that is less than \$9,000 a year.

So the whole system that we have today is skewed to encourage people to get into welfare and really not encourage them to get out. Do you agree with that statement, because of the dollars?

Mr. GREENBERG. When we look at the system today, one set of questions involves what a family receives in the AFDC system. One set of questions involves what happens to working poor families. Now the \$12,000—

Mr. SHAW. Let us stop right there. Let us say what we are trying to do for the working poor. We put together child care for them. We have supplemented their income with the earned income tax credit. We continue food stamps, if their earning capacity is below a certain rate. If it is also low, we give them a very good possibility of low-cost housing. We continue Medicaid.

What would you suggest that we do that we are not doing?

Mr. GREENBERG. There are several things. Congress has dramatically expanded the earned income credit and many of us are very hopeful that that is going to make a real difference.

At the same time, a key problem with the earned income credit at present is that that overwhelming majority of those that receive it, more than 99 percent, receive it once a year in a lump sum.

A part of what needs to happen in the next stage of welfare reform is to find a way to get money to people who need it when they need it. When an individual enters a low-wage job, she has expenses that month. She has to pay rent that month, she faces all the additional expenses of employment, and the earned income credit needs to be delivered in a timely way.

Even if this issue is addressed, though, we also need to recognize that in many instances, those who enter employment are not able to find full-time work or may not be able to work full time. We need a system which provides help and support so that families who work part time are not as poor as they are under the current system, whether that is through the tax system or through the welfare system.

Mr. SHAW. I think that the statement that you made with regard to how the earned income tax credit is paid is a constructive one, and one that we should look at.

The Republican bill requires 35 hours a week of work for a continuation of the receipt of the benefits. It also has a job training component, which we pay for. We realize that this is going to be expensive. It also has a job search component, so that the recipient is encouraged and assisted in trying to find a decent job.

At a particular period of time, after 2 years, work, some type of employment, menial though it may be, is required in order for the continuation of the receipt of benefits.

Now to me, that is a much more humane program than just paying somebody to remain where they are, to say to somebody that the only way you are going to really increase your income is to have more kids. We see that the rise in illegitimate births is really startling. Secretary Shalala has even mentioned that it is a sign of—I am perhaps not quoting her right, but I interpret what she is saying is that there is a form of moral decay in this country and



one that we have to attack. It is really disgraceful when you see where we are.

I think that, at some point, we have to look at the problem and say that we in the Congress may very well be the problem. Maybe we have put together benefits and programs that takes the encouragement out of people to break out of welfare. It takes away the desire for self-empowerment and it robs people of their future.

Do you agree with that, with anything I said? [Laughter.]

Mr. GREENBERG. I do agree with some things you said.

Mr. SHAW. Thank you.

Mr. GREENBERG. Let me try to identify the areas of agreement and the areas of disagreement.

Mr. SHAW. That would be helpful. Thank you.

Mr. GREENBERG. There is fairly strong bipartisan agreement on the need to expand basic services for those who come into the system. There is a recognition that it is a problem that the existing JOBS program only reaches 10 percent, and that those services need to be expanded.

For those who have received services, are able to work, ready to work, and simply can't find a job, it seems clear that the next stage in the welfare reform discussion needs to be about what is the best way to provide and require work.

As we think about that, there are some difficult choices that Congress is going to be facing. As you have suggested, in H.R. 3500, the approach taken is to say that the family will continue to receive AFDC assistance but would work 35 hours a week, regardless of their level of AFDC assistance, in order to get AFDC.

Plainly, one of the other options being considered is the idea of creating some sort of public service employment structure that involves payment of the minimum wage. That is clearly a choice that Congress is going to need to make. That involves both issues of how much it is going to cost—

Mr. SHAW. I would hasten to point out that the benefits received, in all probability, already greatly exceed minimum wage, and I think I made that clear in my example of what is out there for welfare recipients, even though it is not strictly in the AFDC payment.

Mr. GREENBERG. In order to reach, I believe, the \$12,000 figure that you spoke about before, it involves a number of things other than AFDC.

Mr. SHAW. That is correct.

Mr. GREENBERG. The AFDC grant for a family of three in the median State with no other income is \$367 a month. That \$12,000 figure, and I am not sure exactly what is involved in getting to it, but I would assume that that also involves the value of Medicaid.

Certainly, our country appears to be moving towards the principle that health care ought to be available to all Americans and ought to be available both to those receiving welfare assistance and those who are working.

Mr. SHAW. That will be good news to Mrs. Clinton. She is having a few bad days.

Mr. GREENBERG. The point that I want to emphasize, though, is that one cluster of questions involves thinking about those who have received services, are at a point where they are able to work,



and they can't find a job and the government can't find a job to refer them to. What is the best way to provide work for that group?

In addition, though, if we want to think about welfare reform as something that reduces poverty, and if we want to think about welfare reform as something that reduces the need for welfare in the long run, we also have to focus on the reality that in the existing system, many people enter into jobs which do not pay enough to support a family. Many people enter into jobs which do not last. This isn't simply an issue of, how do you move people from welfare to work, but rather, how do we have a structure in place that makes it possible for a poor person who is able to work and willing to work to support a family?

Mr. SHAW. I think that is going to be one of the areas of debate, but the other side is whether it is better to let them stay home and do nothing rather than getting into a work cycle? A lot of these jobs could be called entry level, and it is something that everyone has to go through at some time in their life.

Mr. GREENBERG. I don't think that very many people are saying it is better for people to stay home and do nothing. The real question—

Mr. SHAW. That is the alternative. If you say that minimum wage, that people can't support their family on the type of job that we are talking about, if it is a real job, that is a start. It is going to be tough on some people. There is no question about that. A lot of the people out there are much more comfortable under the welfare system we now have.

But the problem is that it appears to me that the system we have today breeds poverty. It breeds poverty itself. It is government paying people to stay in their place and stay where they are, and that is the cruelest system of all.

Mr. GREENBERG. There is very broad agreement that we want a system that imposes requirements and that provides services commensurate with those requirements. The questions that Congress is ultimately going to have to struggle with will really be ones of, in a world of limited resources, what are the best ways of spending them? In a world where we might like to have everyone working, if we have an economy where there aren't enough jobs for everyone who wants to work, how do we best deal with that? Do we deal with that by having people work in return for their welfare benefits? Should the government create a set of jobs, create public employment jobs, as a means of addressing it?

Those are, a set of difficult questions that are going to have to be part of the next round of discussion.

Mr. SHAW. I think that that is ultimately the question, and I think undoubtedly, for some, there is going to be the creation of jobs, whether it is picking up trash along an interstate or whether it is mowing the park or whatever it is, but there is going to have to be the creation of some menial jobs in order to close that gap. There is no question about it.

As a matter of fact, that is the incentive. You can't have great jobs at the end of the program and then expect someone to get excited about a job search program. We want to do everything we can to be sure that they are cooperating fully in the job search program.

It is going to be, I think, at least in H.R. 3500, it envisions that the States will be taking care of all of this. But the problem is, and I think you have correctly stated where the lines of debate are going to be, and it is going to be right along the lines as to how expensive it gets, how much do we pay? It is more than just the continuation of benefits.

Of course, the big problem is going to be how it is paid for, and I don't know that we want to open up that debate today, because we certainly know that that gets to be a little bit of a thorny issue no matter which way you go. We are anxiously waiting to see the President's funding proposal.

I am sorry that the first witness got out of here. I noticed as I walked up on the podium, I saw her pick up her things and run out of the door, so I didn't have a chance to ask her any questions, and I regret that I wasn't here to do that.

But one of the big questions we are waiting for is how the administration is going to pay for its welfare bill. We are anxiously awaiting the bill. We talk about whether there is a crisis or a problem. There is a crisis in the welfare system in this country today, and I think all of us would agree to that. It needs desperately to be addressed.

I hope that we can push this along as quickly as possible in order to try to do something. We are having generation after generation on welfare. We have illegitimacy going up. This country is in a moral crisis, and a welfare crisis is definitely out there. We are part of the problem, and we need to make some progress.

Thank you, Mr. Chairman.

Chairman FORD [presiding]. Thank you very much.

Let me pick up where Mr. Shaw left off. How many community work jobs, in the parks or on the interstate, as he mentioned earlier, would we need if we sent all of the able adults on AFDC into the work force? It is about 2 to 2½ million people that we are talking about, right?

Mr. GREENBERG. The best estimates are that under current law, there are potentially 3 million families who would reach the 2-year point of AFDC receipt. I have seen a figure in the press indicating that the administration has projected that something like 2.3 million families could be potentially subject to work requirements in a 2-year limit, depending on how it is phased in.

Chairman FORD. Are there enough case workers or case managers to manage and to supervise all of these leaf rakers in the park, and those cutting the grass off the interstate or picking up paper or whatever? Are there enough case workers and managers?

Mr. GREENBERG. This is a tremendous concern, and there are two different kinds of issues to keep in mind. One are capacity issues, and another set of issues involves the effect on the rest of the work force.

On the capacity side, the best indications from the figures from 1991 are that States were involving something like about 30,000 people a month in work experience programs while on AFDC. So to envision going from 30,000 to 2.3 million plainly involves an extraordinary increase in the numbers of—

Chairman FORD. In the Republican bill, that is what they are calling for. Do you have any idea what the cost of socialworkers

would be to manage such a program? What transportation costs would be? What work clothes costs would be?

Oftentimes, the Republicans talk up their plan and put it out there among the American public and lead you to believe that welfare recipients are being sent to the private job market. I think recipients should work, but they ought to have meaningful jobs. I think that is what we are talking about today.

All four of you testifying before this committee, have looked at the JOBS programs from the 1988 Family Support Act. We have oftentimes trained people for low-skilled jobs. We have not offered the types of skills that would match up with good-paying jobs in our society.

Mr. GREENBERG. It is my understanding that the preliminary staff estimates from the Congressional Budget Office are that when phased in, that the cost of a work slot in H.R. 3500 would be approximately \$6,300 a year. That is why I try to emphasize the point that we have to make decisions about scarce use of limited resources.

Chairman FORD. How did you come up with the \$6,300 per year?

Mr. GREENBERG. This is the figure that is in the preliminary staff estimates from the Congressional Budget Office, reflecting costs of supervision and administration and child care and—

Chairman FORD. In addition to the other benefits?

Mr. GREENBERG. That is correct.

Chairman FORD. It is \$6,300 additional, and that would be for socialworkers, caseworkers, managers?

Mr. GREENBERG. And the cost of child care.

Chairman FORD. In other words, the recipients receive no additional benefits, we don't offer skills for high-paid wages, we are going to offer \$6,300 per recipient participating in the program?

Mr. SHAW. Would the gentleman yield?

Chairman FORD. Yes, I would be happy to.

Mr. SHAW. Work is a benefit, and this is investing in people.

Chairman FORD. Absolutely.

Mr. SHAW. I am not familiar with the cost figures you are using, but the Republican welfare reform program is paid for and creates a \$20 billion surplus over a 5-year period, and this comes out of the Congressional Budget Office.

Mr. GREENBERG. Plainly, one question that every bill is going to have to face is the question of how it is paid for, but regardless of how it is paid for, we also have to ask, what is the best use of money?

Chairman FORD. That is the point. We want to find good jobs for the welfare population. As chairman of this subcommittee for the past 11 years, I have not found that the welfare population does not want to work. To tag that disclaimer on welfare recipients and try to imply that they don't want to work is absolutely a falsity.

In the welfare population, the adults want jobs. We want them to have jobs. But the JTPA has not worked. We have not found other training programs to work.

Mr. Shaw, I gladly join you and the Republicans in saying, we want jobs, but we want meaningful jobs. There is nothing wrong with training someone and offering them the skills necessary to get good-paying wages or jobs in the job market.



Mr. GREENBERG. Mr. Chairman, if I may make one additional point. I had indicated one issue is the capacity to create these jobs.

Another issue that has to be given consideration is what is the effect on the rest of the labor market? If, in fact—and there is a lot of uncertainty about the numbers, whether it be ½ million or 1 million or 2 million—but if, in fact, we had 2 million people who were working essentially 35 hours a week and getting a welfare check in return and were doing public jobs of some sort in order to do that, what is the likely effect in terms of displacement of other public employees?

What is the likely effect going to be for any public entity that is trying to decide, should it ever hire another person? Why should it ever hire another person and pay \$5 or \$6 or \$7 an hour if it can call the welfare department and get a 35-hour-a-week-for-free worker?

So there is a real concern that as we expand work opportunities and work requirements for AFDC families, that it not be done in a way that drives down wages for other workers.

Ms. GUERON. Mr. Chairman, I would mention that most employment and training programs for women on AFDC have been shown to work to some extent; they have been moderately successful. All of the evidence that we have to date about the implementation of the Family Support Act and the JOBS program suggest some effectiveness of that program in increasing earnings and reducing welfare receipt in the States where it has been evaluated.

Chairman FORD. But oftentimes, we find those same recipients coming back onto the welfare rolls.

Ms. GUERON. We find some return to the rolls, but we find a net increase in the number that, in fact, leave the rolls and a reduction in receipt of welfare. So there is some impact. It is not revolutionary, but—

Chairman FORD. It is not reducing the numbers by any large scale.

Basically, the point that I was trying to bring before the committee is that the Republican work program does not reduce the amount of the AFDC payment. It does not reduce the food stamp allotment. It does not reduce any of the health benefits under Medicaid. The 20 or 30 percent who receive housing subsidies, it does not reduce that. But, there is an additional \$6,300 in costs attached to the community work program that the Republicans and some others have suggested that we ought to do in this country.

For these women who are trapped into this vicious cycle of welfare, are we, in fact, offering the type of skills that are needed for them to be placed in meaningful jobs with the benefits that are necessary for them to leave and stay away from the system itself?

Ms. GUERON. That is right. I was referring to programs that offer job search or other services.

Chairman FORD. Yes.

Ms. GUERON. So far, we haven't seen evidence that community work experience directly leads to a reduction in the rolls. That is what you end up—

Chairman FORD. I am not criticizing the training programs. I am saying, as we review the Family Support Act of 1988 and job training, that we ought to try to closely identify the jobs that are out

there in the private sector and try to match up those jobs with individuals with skills, similar to what the Secretary of Labor is talking about in the Reemployment Act. Under that Act, the programs are being merged into a one-stop program that will really train people and place them in meaningful jobs. I just want that to apply to the welfare population as well, if we possibly can.

Mr. Kopetski?

Mr. KOPETSKI. Thank you, Mr. Chairman.

I have a couple of questions, but first, a comment by Mr. Greenberg. In reconciliation, we did change the EITC law so that people can take advantage of it on a monthly basis, but apparently there is some problem with getting people to go forward or ask their employer. Perhaps it is the paperwork involved in the front. I don't know if you folks have taken a look at that and see if there is some refinement that we might need to do here in that area or not.

Mr. GREENBERG. It is possible to receive advance payment under current law, and there were a set of changes in the reconciliation bill around that. At the same time, the experience has been that virtually no one does, that less than 1 percent receive advance payment. There are a number of complicated administrative reasons that account for part of it. A part of it may be familiarity. A part of it may be hesitance to ask employers. A part of it, in some instances, may be employers not understanding the requirements.

So one cluster of questions may just involve outreach, but another cluster may involve actually making some changes in the law to make it simpler to have advance payment go out on a regular basis.

Mr. KOPETSKI. In this discussion about mandating work for folks, we have to have jobs for them in the economy. We can't lose sight of the fact that, I think, under President Bush, the economy under his administration generated only about 500,000 new jobs in 4 years. If you are in a recession and in part of a world recession, it is a little difficult to convince employers who are going bankrupt that they have to hire somebody.

That sort of leads to some questions about priorities. If the person is required to work, are we going to insist on our employers that they give preference to somebody on welfare, or do they give a second set of preference to somebody who is on the unemployment rolls? Are we going to have the Federal Government start insisting in these priorities as well?

I have another legal question for you, Mr. Greenberg, and that is, suppose that we did mandate that we will take away or substantially diminish people's public assistance rights after 2 years, but the government failed to provide them the opportunities, i.e., the transportation to a training program and the child care and also this touches on some of the funding issues.

Is legal services or somebody going to come in and say, wait a minute, you, the government, didn't provide your part of the bargain. How can you expect us to provide ours? We are willing and able to participate, but the State program, the Federal program, wasn't there. What are your thoughts?

Mr. GREENBERG. Many of the legal questions will, of course, depend on how the law is written. What I want to emphasize this morning is that sometimes in the discussions of welfare reform and



in the discussions of 2-year limits, people suggest that if we just run a good enough program, hardly anyone will reach the 2-year point.

When we look at the available data from programs that have done any tracking, there is much reason to believe that that is just flatout wrong, that there will be a significant number of people who will reach a 2-year point.

So if the vision is one of requiring work at the 2-year point, there is going to be a cluster of questions about what kind of work. Will it be work for welfare or work for wages? There will be this cluster of questions about what is fair compensation for work, about whether those who work will, in fact, be entitled to the earned income credit when they do work.

There will be a whole set of difficult administrative questions. If the vision of the system is one that says, we will provide the services you need for 2 years and then require work, what about situations where the services aren't provided? In the existing structure, if about 10 percent of people are receiving services right now, do States really have the ability to reach the point where everyone receives the services they need for 2 years?

In the welfare reform discussion so far, it is easy for one to say, "I am in favor of moving people from welfare to work," but the question of how to actually put together a program that does it and how to do it within the budget constraints that are going to be there are enormously difficult questions, and that is really what has to be faced in the next round.

Mr. KOPETSKI. Thank you.

Dr. Gueron, you have done some studies, apparently, on capacity issues and intensive training programs that try to place people in jobs. Could you share some of your findings?

Ms. GUERON. In terms of the effectiveness of such programs?

Mr. KOPETSKI. Yes, participation and effectiveness.

Ms. GUERON. In terms of participation, there was a demonstration that the Federal Government sponsored in the 1980s in San Diego called the Saturation Work Initiative Model, which tested the capacity of a local program to, in fact, involve everybody in a participation requirement.

What the SWIM program found was that on a monthly basis—this was for women with children 6 or over only—about 50 percent of people could be involved either in the program or part-time work; about 22 percent, in program-arranged activities about 33 percent if you added self-initiated education and training, and about 50 percent if you included work that occurred while people were in the program.

So the best information we have is that if you had all of the resources you needed and this program was fully funded, on a monthly basis for women with children six or over, you could achieve that kind of activity rate. It included participation and work for people on the welfare system.

Mr. KOPETSKI. On the other 50 percent, what are some of the reasons why they couldn't or didn't? There must have been—

Ms. GUERON. I am glad you raised that, because there is a tendency, I think, particularly in Congress, to think that if participation

falls short of 100 percent, the program operator isn't doing a good job. You must be able to get 100 percent of the people active.

One other example can help explain why this isn't the case. We did a study of a program for men, primarily men heading two-parent families in West Virginia, where there was a very strong desire to get men involved in a work program, and where, again, there was, because of this demonstration environment, full funding to create as many slots as you could. It was a straight community work experience program.

Even under those conditions, where you had, long experience with public service employment and a strong commitment toward involving men in such activities, monthly participation rates were about 65 percent.

Why wasn't it 100 percent for men in West Virginia? Caseworkers determined that some of the men, they simply couldn't send to employers, that they had various problems, alcoholism, various things. So there are unemployable people.

There is a kind of frictional inactivity that occurs each month. It takes time to get people in and out of activities. There are people moving on and off of welfare.

So we did a case-by-case review and talked to caseworkers about every nonparticipant and asked, why isn't this person active in the program? In San Diego, one reason that turned up was people waiting for classes to start. You are assigned to go to this activity. It hasn't started. So you are waiting for that to happen, or waiting for child care arrangements to be made or not participating because of illness.

So there are a number of reasons that met program-accepted criteria for nonparticipation. In fact, in San Diego, as I recall, only about 10 percent of the people, in effect, slipped through the cracks. Everybody else had legitimate reasons for nonparticipation.

Mr. KOPETSKI. Let me ask Mr. Jackson and Ms. Lurie, on the funding issues, about what is currently going on out there in the States, are States really just moving moneys around to further the goals of the Family Support Act, to take advantage of some of the new opportunities there? I noticed in, I think it was Dr. Lurie's testimony, you talked about how States are just borrowing heavily from JTPA funds to finance this. Are there new moneys coming in?

Ms. LURIE. Certainly in the case of the JTPA, it is not new moneys coming in because that has been fixed for several years.

Virtually all of the States that have recently increased their spending for jobs to draw down more Federal funding are doing that by using funds from education programs. It is my sense that some of those funds had already been appropriated to the education agency and they were now being refocused onto JOBS participants. So there is some amount of money that is being used differently by education agencies to pull down Federal JOBS money.

Mr. KOPETSKI. For example, in Salem, with our teen parent program, we take the money from the school district, move it over to this program, and then that is the match.

Ms. LURIE. That is exactly right.

Mr. KOPETSKI. So if we look at the participation rates today in the JOBS program, it looks like it would bust the bank. We have all these local government people running around the Hill saying,

no unfunded mandates. I don't know how the States and local governments are going to pay for that, Mr. Jackson.

Mr. JACKSON. I think that is one of the reasons why the APWA proposals ask for 90 percent Federal participation, to help States over that particular hump.

But relative to moving the money around, that has not been done in Virginia. We haven't taken from education to put into the JOBS program, but the legislature has had difficulty, as has in most States, in coming up with all of the general fund money to match those Federal dollars. We are slowly getting there, but we have not reached that point yet.

Mr. KOPETSKI. Thank you. Let me just ask you, then, is Virginia going to hit the targets in terms of the mandatory participation?

Mr. JACKSON. Virginia has always exceeded the targets relative to the mandatory participation.

Mr. KOPETSKI. Thank you.

Thank you, Mr. Chairman.

Chairman FORD. Thank you very much.

I have a couple of questions to ask the members of the panel for the record. There seems to be a consensus that funding is one of the major issues, if not the major issue, confronting the JOBS program that we are talking about.

As Mr. Greenberg points out, the barrier to greater participation in the JOBS program is not Federal rules but resources. What is your sense of the role that States should play in financing an expanded richer JOBS program?

Mr. JACKSON. I think that I wouldn't sit here and say that the States have no financial role in this at all, but I do think there has got to be some recognition on the part of the Congress on what is going on in the States, all of our States right now. There are three things that are driving State budgets. The first is Medicaid. The second is building new prisons relative to the crime issue. The third is education.

Those are State mandates. In the corrections instance and in the education instance and on the Medicaid side, I think the States would and have argued that those are some unfunded Federal mandates that come down to the State, at least in terms of them having to come up with 50 percent or some amount of that money.

So then when a JOBS program is put into place, or a similar program, the State general assembly and administrator are sitting there looking at what their opportunity for revenue is, and new revenue increases, and like at the Federal level, no one is running around campaigning on tax increases. There is only so much money that is there that has to be spread around for so many things.

The three prongs, corrections, education, and health care, I would argue, are mandatory, and those programs that are not mandatory, whether they are Federal or not, are going to be where the cuts take place. That is part of the reason why JOBS has not been fully funded in a vast number of States.

As you look at the national numbers, that failure to not draw down all the Federal money is being reduced dramatically each year, but we are not there yet and there are going to be a number of States who are going to be caught in that situation. As new, expensive welfare reform proposals come forward, the States are



going to argue vociferously that that is, in large part, a Federal responsibility.

The new welfare reform legislation just passed by the Virginia general assembly calls, in terms of case management, for a caseload of 45 for an AFDC worker in order to effectuate the JOBS program or the work requirements that are in that new legislation. We have workers not too far from here, across the river, carrying caseloads in the 200s at the present time.

Child care costs in Virginia, 3 years ago, we spent \$9 million. This year, we are going to spend \$49 million, and that is only the tip of the iceberg here. This isn't going to be cheap, but I think it is going to be necessary if we are going to build on the future.

We have to quit thinking in terms of 3-year increments or 4-year increments. Let us start thinking about 20-year increments and 25-year increments. I would argue the system got broken about 1973 and it has just continued to get worse since then. At one time, it was a viable system. It is not any longer because the economics have changed.

Mr. KOPETSKI. Mr. Chairman.

Chairman FORD. Yes.

Mr. KOPETSKI. If I might, I agree with a lot of what you have to say particularly about when we started going down the wrong path, but historically, it was welfare programs that were treated at the local level. It was really only until the 1950s, maybe the early 1960s, that we as a Nation said, Well, maybe the Federal Government ought to be helping out a little bit, to help the local government.

We are participating at around 62 percent of the costs of many of these kinds of programs today. I think we have to keep in mind that what originally was a local responsibility has grown now to over 50 percent a Federal responsibility, but that doesn't take away the local responsibility. For people to talk about 90 percent funding—and I have worn both hats, a State legislator's hat and a Federal legislator's, and I think we have that nice mix.

People need to understand in the local governments that when they send their local representative to Congress and tell him to balance the Federal budget, that that means that the State is going to have, at the least, to continue that local responsibility.

Mr. JACKSON. And all States do operate with a Federal budget, by constitution, a balanced budget, and that is an issue that they are faced with. At the same time, you face the voters.

Mr. KOPETSKI. We are going to vote on the balanced budget amendment this week. Everybody that votes for it, take your State representative's name down and then write them a letter and say, thanks a lot. By your voting for this, if it passes, you are telling us to raise our State taxes. That is what you are telling them to do.

Mr. JACKSON. I think the point I am trying to make, Mr. Kopetski, is that the States are caught in a real situation here. Most welfare reform initiatives that are going on today initiate at the State level, including the JOBS program. It was experimented with at the State level back in the 1980s. I can't think of a State I can name right now that is not doing something about welfare reform. I think everyone has that in mind.

I think the issue is going to be if we are going to come up with a Federal, national plan on how to do welfare reform, we have to think very carefully about how big that is going to be and what it is going to cost and how we are going to pay for it.

Mr. KOPETSKI. Exactly.

Ms. GUERON. You are on to a very important question, because the funding mechanism here is going to be critical in determining whether the program becomes real or not. The JOBS program is only real if State legislatures put up the money to draw down the available Federal money. What is going to be the engine of change in any future program.

It is useful to remember that when the Social Security Act set up AFDC as a Federal-State partnership, it was a partnership and both levels of government contributed.

When you look at the savings from programs like the JOBS program, a lot of those savings go to the Federal Government—reductions in food stamps as well as reductions in the shared programs like AFDC and Medicaid. So there is a real logic for a substantial Federal contribution.

Our estimates in the 1980s showed that the savings from programs conducted during that period went 60 percent back to the Federal treasury and the rest to States, so there is surely a good argument for substantial Federal funding. Whether there is an argument for a greater contribution really comes down to whether you want to grow this program or not. If you want to do that, it is going to be very hard to do it under the current funding arrangements.

Chairman FORD. Let me follow up on that. You stated, Doctor, that a stronger Federal vision for a JOBS program must be articulated. Does this mean choosing between a human capital development approach or an immediate job placement approach?

Ms. GUERON. That is also a very sharp question, because the JOBS legislation really finessed that, in some sense, and threw that back at the States. It had both things in it.

At this point in the evaluation of JOBS, we don't have solid research evidence to push in either direction. Indeed, the JOBS evaluation is going to look directly at that question.

We do know from the earlier studies that programs that push people quickly into jobs using job search work, they are cost effective, but they don't work for long-term welfare recipients. The big challenge and statement of faith, really, in the JOBS program is that investments in education and training will do better in that regard.

There is some evidence from a study that we did in Baltimore during the 1980s that a program that included some education and training was able to get some people into better jobs and did have more lasting impacts. It is only one piece of evidence, but it is favorable in that regard.

A very important issue we will be looking at in our evaluation of California's GAIN program and that I know HHS will look at in the JOBS evaluation is whether the strong investment in education and training pays off, and in particular, whether it reaches the most disadvantaged in the caseload and moves that group out of welfare. After all, that was the target of the JOBS program.



Chairman FORD. How much of this is dependent upon the broader system of supports available to welfare parents?

Ms. GUERON. I am sorry?

Chairman FORD. I mean, to what extent is this dependent upon the support that is given to the welfare parents?

Ms. GUERON. You mean support beyond the employment and training services?

Chairman FORD. Yes.

Ms. GUERON. Clearly, to participation in JOBS and to work, child care has been a critical support service. There has been a lot of focus recently in the research, and I know in the administration, on the fact that we are learning increasingly that many people leave AFDC but that many return. It is a point that you raised earlier.

There are a lot of reasons for that. Some of them may be the economic incentives that generally argue against work rather than for it, but also access to child care and funding for child care and for health insurance.

Chairman FORD. Dr. Lurie, would you like to respond to any of that?

Ms. LURIE. I would like to respond just to a point that was made a bit earlier about State funding versus Federal funding. What we saw in our States was that most States did not increase the number of case managers and other people working in the welfare agency, but rather chose to use their funds for education and for employment and training services.

As a result, there was very little increase in the number of workers in the welfare agency, even though the lack of workers was seen as a major bottleneck in operating the program.

From the State's perspective and from State residents' perspective, I think they see growth in the welfare bureaucracy as a negative, so that if we want to change the culture of the welfare agency, we need to do it in a way that isn't going to meet resistance from residents of States who see that as a growth in the welfare bureaucracy.

So I think the Federal Government should, perhaps, target some money on welfare agencies so that we ensure that they have the workers there to provide the case management services and other encouragement that people are going to need.

Mr. KOPETSKI. Mr. Chairman, what you say is right on, but the Republican party in my State pushes like you can't believe our Governor about the number of State workers. It gets tied up into this superficial politics that politicians use to get elected. They attack just the broad number of government, or they attack the number of increased workers in the welfare system, so there is not a lot of education going on out there about how can you effectively help somebody get through the training programs and all the paperwork and bureaucracy and hopefully get them a job someday if you have a caseload of 200 or 180, which is about what Oregon has.

I think you have to talk to the Republican party in the States and tell them to get off of this issue if they are truly interested in welfare reform. Now that is a pretty partisan statement, and I am sorry for doing that, but that is political reality out there.

Chairman FORD. Mr. Greenberg, I have one final question for you. I was not here when you gave your testimony, but I read over it. You testified that the JOBS program is being judged based on the participation numbers but not outcomes or impacts, such as employment and earnings.

One of the panelists here today has testified on the concept of coverage, to replace the current fixation with participation. If we were to do that, how much would we know about the success of the JOBS program in enforcing a reciprocal obligation?

Mr. GREENBERG. The concern that I raised in my testimony is that, at this point, the program essentially solely measures participation. It is the primary message sent by the Federal Government, is that of meeting participation rates and meeting targeting requirements, which is who is participating.

In terms of Federal data collection, there is virtually no information sought about outcomes. There is virtually no cue sent to States about the importance of outcomes of program participation. The almost exclusive focus is on—

Chairman FORD. Is that really critical, the outcomes, the earnings, the employment?

Mr. GREENBERG. When we talk about a vision for the JOBS program, certainly one part of a vision may be changing the terms of AFDC receipt, to build in the concept of reciprocity and social contract. But another part of the vision has to be about reducing the need for welfare and about reducing the poverty of the families who are in the system.

If that is part of the vision, then we have to have some way of knowing whether we are coming closer to reaching it, and in the existing structure, we don't. We have the evaluations from MDRC which provide enormously valuable information on those programs for which they do evaluations, but for the country as a whole, there are major things that we simply are not looking at. And in terms of sending cues to States about the importance of reducing family poverty and increasing family income, right now, the Federal Government is not sending that message.

Chairman FORD. Early on, I guess, in the Reagan administration, they certainly sent a welfare reform message, that work was not valued. Now we see in the Republican bill and all over the country people are saying that we ought to revisit that area. Would you agree with that?

Mr. GREENBERG. One of the ironies of the current situation is that a number of States are looking again at the earnings rules of the welfare system, and seeking to move away from a system where when a family earns a dollar, they lose a dollar. Those basic rules, which many States are now trying to move away from, were put in place in 1981 as a major initiative of the Reagan administration as a means of targeting assistance to the truly needy, at least as it was talked about at that time.

The effect that that initiative has had over time in States has been devastating. It has meant that a family entering into a low-wage job faces enormous penalties, either immediately or within 4 months, on work. Many of the State initiatives now reflect a real interest in trying to revisit that decision and to think about how

the welfare system could be used as a way of supporting those who enter low-wage work.

Chairman FORD. Do any of the other panelists agree that we should revisit this commitment made by the Reagan administration, since we hear most Governors and States now saying that we should revisit the area of work?

Ms. LURIE. I think that unless there is a financial incentive to work, it is very hard to expect people to work. If work is the message, a way of conveying the message is to enable people to come out better off when they work than when they don't work.

Ms. GUERON. It is always striking when you look at the data, how many people on welfare do go to work, even under the current set of incentives. Receiving public assistance is a fairly stigmatized state in this country, and many people leave it and choose employment. Many people return, but when you look at the data, there are plenty of people still working.

At the State level and at the caseworker level, there is a sense that it is very hard to convince people to make the trade-off between welfare and work in some States where the economics don't seem to suggest it, and a very large number of States are trying to change the disregard structure within AFDC to increase the reward for working.

It will be important to see whether such changes do, in fact, increase work. Increasing work incentives within AFDC will do two things at the same time. It will encourage some people to work. It will also keep some people on AFDC who would have been off AFDC, because now they will be able to combine work and welfare. That has the advantage of getting more income to families. It has the disadvantage of not reducing the AFDC rolls.

I think it will be very important to find out how successful these State initiatives are in encouraging work, and there are studies underway to do that.

Chairman FORD. Do you find it unacceptable to offer training and education at a higher level when you find welfare recipients who could, in fact, obtain those types of skills and move into the work force with high-paying wages?

Ms. GUERON. Mr. Greenberg talked before about the choices that you have to make about resources. People have different goals for welfare reform. Some people favor getting people into better jobs with higher earnings and moving families out of poverty. Investments in education and training may be the thing that does that. Getting people quickly into jobs doesn't seem to do that. It gets them into jobs, but it doesn't get them into better jobs.

How you assess the importance of getting people better jobs with higher wages, reducing poverty or reducing dependency, obviously, that is an issue where people will differ a great deal on the relative value to give to those different objectives.

Chairman FORD. How appropriate would it be for us just to focus on low-paying jobs for the welfare population in a training program or in an educational program?

Ms. GUERON. I think in many ways it could be quite appropriate, if you think that the earned income tax credit and health insurance are a mechanism to try to turn a lower-paying job into a somewhat better-paying job. It is hard to argue sometimes for welfare recipi-



ents being able to leapfrog over the many other people looking for those better-paying jobs.

But beyond what one's philosophical view on this is, we don't have a lot of evidence in this country of the transforming quality of education and training services for welfare recipients.

Chairman FORD. We do have evidence, though, that shows a lot of the welfare adults have lost jobs in which they were earning decent wages, and certainly would not have been at the minimum wage.

Ms. GUERON. Yes, but we don't know whether services that can be provided are able to transform people's earnings capacity. Most women on public assistance are not on their own going to earn their way out of poverty. Other measures, like the earned income tax credit, if you will, are very important if you are going to bring families out of poverty.

Also, the panel coming up talking about child support enforcement is very important to do that, because kids on welfare have two parents, and they should be getting money from both of them.

Chairman FORD. We know in a majority of the welfare population, the adults move off of welfare in the first 15, 18 months. They identify and locate their own jobs, oftentimes low-paying jobs, but it is not confined to low-paying jobs.

I think one of the problems we might be faced with is that if we are paying for \$4.50 and \$5 an hour jobs, we are missing something. I just have to believe that the welfare population offers more than to think that everybody must make minimum wage or immediately above minimum wage. If we are going to train people on welfare, we ought to train them in office skills at a level that we could place people in the private sector in jobs that would pay more than \$4.50 an hour.

What I am afraid of in my own home town is that public transportation is not available, and if we are talking about these community work jobs, certainly clothing or a uniform is going to have to be provided.

We conducted a profile in two of the largest public housing units in my district. We, in a sense, put in place a demonstration to do job search, job placement, and job training. We are finding jobs on the front end with Federal Express in Memphis and other companies. We are going to train people for \$9 and \$10 an hour jobs. We are not going to limit it to the welfare population at all. Anyone who is out of work or those who are working on other jobs is eligible.

Some have said, you mentioned, that flipping hamburgers was not the type of job for welfare recipients. I really didn't imply that. I was saying that yes, my son worked once at McDonald's, but he drove my car to work. When he came home, he had health insurance through my job, and he didn't have to worry about it. He earned good money that way. He saved his money and he is in school.

But that wouldn't necessarily fit the welfare mother with three children. In many cases in the demonstration, I didn't find that all of them are hardcore welfare recipients. Many of them are locked into this vicious cycle, but many of them left \$18,000 and \$20,000 a year jobs. They were divorced, or they lost child support through

a juvenile court system, or lost their jobs and were forced back on the welfare rolls and it is difficult to come back off.

I am not convinced that we ought to train someone for low wages who graduated from high school, who is going to a junior college, who has children who has been in the work force for 2 or 3 years but has been caught by this recession the last 5 years, and who is now trapped into this cycle again.

She can't get out of it. Why? No health care, no child care, and the only jobs that she can find are the fast food chain jobs. But in my area, you can't even find them, and even when you get out on the other side of town where they are, people reject you before you knock on the door. So we have a lot to do as it relates to trying to offer skills to place the welfare population in jobs.

For those who want to read it the wrong way when we talk about meaningful jobs and high skills, there is nothing wrong with the welfare population being trained with the proper skills to go out and compete. Even for those who are working and making minimum wage and right above minimum wage, there is nothing wrong with it. The Federal Government has to train people for good jobs.

That is not to say that they will all land \$8, \$9, \$10, and \$12 an hour jobs, by no means. But I don't see why we have to continue to train for low wage jobs without looking at the total makeup of the welfare population; we should not treat every recipient the same.

In the profiles that we have conducted in the public housing units, we don't find them all to be the same. We find that many of these recipients really just need some job search and job placement and they'll move into the work force, with a little child care and maybe some transportation funds. We are putting about five-point-whatever it is million adults in one category, and I think we have to divide it out and take a closer look.

We should not have States focused narrowly on trying to meet goals relating to the number of welfare recipients in a training program. Take note of the Republican approach, trying to win political games in the limelights of the political arena. There is no need for us to play games with this population and to think that welfare recipients are three-fifths of a human being.

We are going to have to focus on this population and realize that they are citizens and we have to train them and offer them the skills, and educate them to make them productive, tax-paying citizens. I think that we can do it with the current welfare reform approach.

We can replace welfare with the JOBS program. There is nothing wrong with it. People want to work. To place them on some community work program is not really getting to what we are trying to accomplish in this welfare reform effort. To spend an additional \$6,300 a year per person, added on to whatever the cost of aid might be, \$7,000 or \$8,000 per year; why would we spend \$15,000 a year to create a social workers' bill and not really try to focus on the 8 million children who live in these poverty-stricken families who are on welfare?

That is how you breed one generation to another into the welfare cycle, and if we want to break it, I think we have to break it with the parents and also focus on the children at the same time.



If there is no response, let me thank each panelist. Thank you very much for coming out.

I would like to call on the next panel, panel two, State and local JOBS strategies and experiences. We have with us a representative of the Tennessee Department of Human Services, Wanda Moore, director of the JOBSWORK program, Family Assistance Division; Mary Deyampert of the North Carolina Department of Human Resources, the director of the Division of Social Services; also Gary L. Kemp, from the Department of Human Services in Hawaii, administrator of the Self-Sufficiency and Support Services Division; and we also have Lawrence E. Townsend, Jr., director of the Riverside County, Calif., Department of Public Social Services.

Ms. Moore, the committee will recognize you now.

**STATEMENT OF WANDA W. MOORE, DIRECTOR, JOBSWORK PROGRAM, TENNESSEE DEPARTMENT OF HUMAN SERVICES**

Ms. MOORE. Thank you, Mr. Chairman. I appreciate very much being invited to present some views about how Tennessee has used the Family Support Act to implement the JOBS program.

We appreciate very much your involvement and the involvement of this committee in passing the Family Support Act and giving us the opportunities that we have had over the last 3 or 4 years to develop what we believe is a very fine program.

The Family Support Act allowed us a lot of flexibility, which we appreciate very much, to integrate self-sufficiency into the education, training, and employment community. We approached the task of implementing the JOBS program and ending welfare not as a job for the welfare agency alone. We believe that it is also a job for JTPA and for private industry councils, for adult education programs, for vocational-technical schools and community colleges, for higher education, for public housing agencies, for economic development agencies, and for the employer community itself.

We decided early on to focus our JOBS program on education and training, because we wanted to invest in real jobs and not make-work jobs.

We chose not to create another education and training bureaucracy, partly because of what has been said here today. There is a real effort in our State to keep State government lean, and we have contracted the JOBS program through many other agencies in the State of Tennessee.

By sharing this responsibility and ownership for the JOBS program, we have gained valuable partnerships and massive amounts of support and cooperation. The Family Support Act made all of this possible.

We contract the primary part of our JOBS program through the JTPA system in the private industry councils across the State. Seven of these are community colleges. We have gained extensive support from the community college community for the JOBS program.

We also contract through local school systems and post-secondary schools. Our State Department of Education contributes matching funds, which we use to draw down Federal dollars. Even our State universities, the University of Tennessee and the Tennessee Board of Regents System, has joined forces in contributing matching dol-

lars to help us provide direct services and valuable research for our JOBS program.

In Tennessee our JOBS program is basically voluntary. We have stuck to the voluntary program and been able to meet our participation rates thus far. Each month, 200 AFDC mothers in Nashville volunteer for the JOBS program, and 400 volunteer in Memphis, your home town.

Seventy percent of all of our JOBS dollars are spent on the targeted population, which dispels the myth that we are creaming our population. Because JTPA serves as a gatekeeper for our JOBS participants and maintains all of our data, it also helps to dispel a myth that JTPA is creaming from the welfare population.

We know that our AFDC mothers, at least in Tennessee, want to work. In 1986, our State legislature passed a law that allowed them to fill the gap between our low AFDC grant of \$185 and our standard of need. At that time, within 1 year, almost 9 percent of our AFDC caseload was working. Since the Family Support Act allowed us to start paying child care for AFDC mothers who work, we now have 20 percent who work every month to fill that gap.

We believe that our new TennCare Medicaid waiver, which went into effect January 1, will encourage many of these mothers to work themselves off welfare for good, because Medicaid has been their biggest concern. Medical concern is one of their biggest concerns and one of the reasons they tend to stay on AFDC.

Memphis State University has been following our JOBS participants at 13 weeks, at 26 weeks, and at 52 weeks, after they leave. We have found that over 50 percent finish their activities. Their average wages after 1 year is over \$5.50 an hour. Twenty-five percent are earning over \$6 an hour.

We serve over 5,000 participants each month. Most of them are in educational activities, because we feel very strongly that if we are going to get them off welfare and into \$8 and \$9 an hour jobs, as you mentioned earlier, we are going to have to get them trained and educated. They function around fifth and sixth grade level. This is going to take more than 2 years, in most instances. It may take 3 or even 4.

Funding for JOBS in Tennessee has been difficult. If it were not for the partnerships with other agencies, Tennessee would not have been able to meet our Federal participation rate.

May I continue just 1 minute further?

Chairman FORD. You may.

Ms. MOORE. I want to make some recommendations that have been mentioned today. It is going to be very important in any welfare reform process that the entire eligibility process be refocused away from an error rate mentality. People have to start looking at welfare departments as a place to get out of welfare and not on welfare.

We have not been able to achieve the goals that we would like to have achieved in Tennessee in changing this focus in our own welfare agencies primarily because in many counties, our case loads run between 500 and 600 cases per counselor.

Another plea is that we must change the way that both the JOBS and the AFDC unemployed parent participation rate is calculated or all States are going to lose their enhanced Federal match by this next year. I don't believe any State is going to meet its Federal participation rates for the AFDC unemployed parent population.

Thank you very much.

[The prepared statement follows:]

TESTIMONY OF WANDA W. MOORE  
TENNESSEE DEPARTMENT OF HUMAN SERVICES

Mr. Chairman and members of the House Sub-Committee on Human Resources, Committee on Ways and Means.

I am Wanda Moore, Director of the JOBSWORK program for the Tennessee Department of Human Services. I also direct Title IV-A Child Care programs and the Food Stamp Employment and Training program.

I am pleased to be asked to provide comments concerning the implementation experiences and effectiveness of the JOBS Program, called JOBSWORK in Tennessee. My statements reflect what we have learned and experienced over the past six years about our ability to promote, provide and realize success in welfare self-sufficiency programs.

Mr. Chairman, my testimony will focus on Tennessee's efforts to promote collaboration and integration of the JOBS program with existing education, training and employment efforts; our experiences with a strong educational focus; the voluntary nature of our JOBS program and on our efforts to study and learn through follow-up and research of our JOBSWORK participants.

Mr. Chairman, I want to express our sincere appreciation to you and this committee for your role in the initiation of the Family Support Act and for your continuing efforts to strengthen and enhance this very fine legislation. Never before have states had the incentives currently available to help reduce welfare dependency. While resources are still woefully inadequate, the framework you provided has given states many of the tools needed to create innovative approaches for welfare to work programs.

Coordination between JOBS and other Agencies

Mr. Chairman, as a Tennessean, you are already aware of the strong coordination and collaboration efforts created between state and local agencies as a result of the strong Family Support Act requirements for inter-agency partnerships. The Tennessee Department of Human Services chose not to create another layer of education, training and employment bureaucracy for the JOBS program but to attempt to integrate it into the existing systems such as the Job Training Partnership Act (JTPA) programs, Adult



Education and the state's Vocational education, technical and community college system. We approached JOBS as a shared responsibility between welfare and other federal, state and local agencies whose missions meshed with Family Support Act goals.

By sharing responsibility and ownership for the task of welfare self-sufficiency, we garnered massive amounts of support and cooperation statewide. Our philosophy is that welfare dependency is not just a problem for the welfare agency to solve. It is a public housing and a public education responsibility as well. Other federal programs such as JTPA, The Carl Perkins Vocational Education programs, adult education programs and higher education share in the responsibility to help end welfare dependency.

All of these agencies and organizations already target funds, both state and federal, to reach and serve the welfare population. The JOBS program coordination requirements gave us the opportunity to pull agencies together, to promote true collaboration and to design programs with a shared resource base.

In Tennessee, JOBS services are delivered through partnerships with numerous agencies. The JTPA Private Industry Councils (PICs) serve as the primary contractors for JOBS services. Seven PICs have State Community Colleges as their management entity. These relationships have helped build strong partnerships between JOBS and the Tennessee Board of Regents' college systems.

The Tennessee Department of Education serves as a JOBS partner by providing 55 twenty hour basic skills classes using state education dollars to generate federal JOBS funds.

The University of Tennessee College system provides local case management services, research and training. UT at Martin funds a 4 year JOBS college program on campus through partnerships with HUD and two Private Industry Councils. Numerous county and city governments, as well as public, and private agencies deliver exciting and innovative JOBS services.

United Way Agencies, the Kellogg and Levi Strauss Foundations as well as other private donors have contributed funds to innovative JOBS programs. Public Housing agencies provide a mechanism to freeze the rent of JOBSWORK participants for a year to give them the opportunity to save money for a car or other investments.

Tennessee's JOBS program is a melting pot of experimentation and innovation designed to promote community designed programs best suited to the needs and resources of each community. It is far from standardized and reflects regional, ethnic and diverse differences in our state's make-up. What works in upper east Tennessee doesn't necessarily meet the needs of rural middle Tennessee or Memphis.

A reflection of the interest and commitment of other agencies to JOBS is being demonstrated this very day in Nashville where we start a 3 day JOBSWORK conference. Over 650 individuals from JTPA, Adult Education, Human Services, Mental Health, Higher Education, Public Housing, the employer community and many other agencies have convened to learn more about helping welfare recipients achieve self-sufficiency.

#### Educational Focus

One reality most states must face is the low literacy functional level of our AFDC population. In Tennessee nearly one-half have completed high school and 20% are currently employed, AFDC recipients in Tennessee function between 5th and 7th grade level when assessed by JOBS. This requires a strong basic skills framework to bring these skills up to an acceptable level. We encourage each participant to get a GED or to achieve a 10th grade functional level if they plan to enter post-secondary education.

We have found that self-sufficiency means different wage levels for different families but generally at least a \$6.00 an hour beginning wage is needed for entry level employment. By setting this goal six years ago, we set a standard for JOBS components that targeted post-secondary training in high demand occupations. Our plans are beginning to pay off as evidenced by our continuous follow-up on every participant for a 52 week period.

Currently the beginning wage averages \$5.79. This wage increases by at least 4% over the first 12 months of employment. One year later we found 50% of those who participated were off welfare and 34% were off Food Stamps. While JOBS probably cannot take credit for all of these, we plan to conduct research to determine exactly how many we have helped. We believe our research proves we have made significant gains in reducing welfare dependency.

Further research of JOBS participants in Community Colleges by Memphis State University (now the University of Memphis), have demonstrated that they participate more in class, do more outside reading, interact more with instructors and classmates, work harder on writing skills and perceive far greater gain than other students.

#### Voluntary Participation

Thus far, Tennessee has met each federal JOBS participation measure through a voluntary program. Each month 400 AFDC mothers in Memphis and 200 in Nashville volunteer for JOBS. This demonstration of their desire to find a way off welfare is further enhanced by the fact that 20% of the parents work "Fill-the-gap" between our low grant of \$185 per month and our Standard of Need.

We have found the AFDC-UP population less willing to work or go into training or work experience. By mandating participation of this population, 31% have left the rolls since July 1, 1993. Because of this experience and the public demands for more mandatory components we are moving to a mandatory life skills or Survival Skills Behavior Modification component with a strong introduction to the world of work. After 1 month of mandatory participation, we expect a high number to volunteer for further JOBSWORK activities.

Our greatest challenge is meeting our AFDC-UP work participation requirement. Unless the rules are changed for calculating this participation, most states will lose their enhanced matching funds.

#### Outcomes

Since 1991, Memphis State University (now the University of Memphis) has conducted follow-up and research on JOBS

participants. Our baseline data shows improvement and movement in entry wages, entered employments and job retention. The data from FY'1993 shows that:

- 29% left with a job
- 48% received a GED
- 46% had serious barriers to participation

In any given, month of the 5,000 participating:

- 35% receive Basic Skills instructions
- 40% are enrolled in Vocational/Technical Schools or 2-4 year colleges
- 25% are enrolled in OJT or another work activity

One year of follow-up from the first year of JOBS shows that:

- 50% were still employed one year later
- 50% are off welfare
- 24% are off Food Stamps
- Wages averaged \$5.50 or 18 cents more than entry wages
- 25% earn more than \$6.00 per hour

A common myth is that serving a large number of welfare mothers causes JTPA agencies to "fail" their federal performance standards. In Tennessee, Private Industry Councils will tell you that serving large numbers of welfare mothers helps them do better on their performance standards. In some Service Delivery Areas, welfare mothers out perform the regular JTPA population. This occurs in spite of the fact that most JOBSWORK participants in Tennessee meet one or more JOBS target group criteria. Seventy percent of all JOBS funds are spent on the target group population.

#### Funding

Tennessee is like many other states in that K-12 education and Medicaid has left few dollars for other programs. The JOBS program used less than 25% of its federal allotment for the first two years. We are gradually moving upward and expect to use 48% this year and 65% for FY'1995.

These increases are made possible by containment of Medicaid cost through a federal waiver. TennCare, the states' new managed medical care program, went into effect January 1, 1994.



Were it not for the shared resources of JTPA, Adult Education and local agencies and colleges, Tennessee would not have been able to meet federal participation rates.

Last year 70% of all JOBS funds were spent on the Family Support Act's targeted population (i.e., those parents on AFDC for 3 years; those parents under 24 with no high school diploma or GED or little or no work history and individuals in families where the youngest child is age 16 or 17). This service level dispels the myth that the "hard to serve" will not volunteer, can't be readily helped and that JTPA programs "cream". In Tennessee, this 70% of all JOBS dollars was "spent" by JTPA agencies.

#### Child Care

Child Care for JOBSWORK is treated as an entitlement in Tennessee. Every person enrolled in a JOBSWORK activity is entitled to child care. Welfare mothers learn quickly to appreciate good quality child care. Their children love it and they start seeing the changes it makes in their children's lives. JOBS mothers all want their children in regulated centers. Unfortunately, this is not always possible but most of the time we can get them into regulated care. Only 12% use unregulated care.

More child care dollars are needed to subsidize child care for those mothers who leave welfare to work as well as to prevent welfare dependency.

#### Recommendations for Change

1. While Tennessee has had a lot of success in getting the full cooperation of JTPA, Adult Education and higher education, other states have been less fortunate. It is my recommendation that stronger mandates be legislated for other education and training programs to address the issues of welfare dependency. It is not sufficient to tell agencies to co-locate or to just encourage coordination. Incentives must be put in place to entice other agencies to serve a larger percentage of the welfare population in support of the

JOBS performance criteria. For example, adult education programs should operate for at least 20 hours per week. JTPA agencies should willingly serve a larger portion of JOBS participants.

2. Education and training infra-structures must be expanded to provide adequate spaces for JOBS participants. This may require more federal dollars for state vocational education programs at the post-secondary level. We must not settle for quick fix programs that fail to build basic skills, job skills and life skills. Private-for-profit training schools need to be forced to meet quality standards if they participate in federal financial aid programs. We refuse to use them in Tennessee because of their poor track records.
3. We must be allowed adequate time to prepare AFDC recipients for the work force. For many, this is a minimum of 3 years. There are few quick-fix training programs that can produce a truly workforce ready participant. Those individuals who can and want to go for baccalaureate degrees should be allowed to do so.
4. The employer community should be allowed to contribute to the training cost of new employees. Current "reversion to the donor" prohibitions mean that JOBS program must bear the full financial burden of training individuals for a job. Many employers would be happy to contribute to the training cost if federal law did not prohibit the leveraging of private dollars to match federal dollars when the benefit reverts to the donor. Incentives should be given to employers to provide work place literacy, life skills and job training on-site for welfare recipients.
5. Funding for the JOBS program must be increased and the states matching share reduced - not only for JOBS services but for IV-A Child Care to complement JOBS.
6. States must continue to receive maximum flexibility to design and create JOBS programs most suited to their needs and the needs of individual communities.

7. Economic and Community Development funds should target job creation for welfare recipients and inter-city public housing developments.
8. Child Support is critical to increasing the family income of welfare families. Unfortunately, non-custodial fathers face many of the same barriers to employment as do the mothers. The Parents' Fair Share Demonstrations, one of which is operated in Memphis, is proving that education, training, life skills and parenting training can turn around the lives and employability of absent non-supporting fathers. This population must be targeted just as strongly as the custodial mothers for education and training services. JOBS mothers should be given priority for Child Support enforcement. When increased Child Support enforcement results in collections sufficient to close the AFDC case, mothers should be allowed to complete education and training as a JOBS participant.
9. Eligibility Counselors must be refocused away from an auditor/investigator role to a self-sufficiency case manager whose focus is helping people out of, not on to, welfare. The end result will be less welfare dependency and fewer errors. This will require a drastic change in eligibility rules for all benefit programs. This is one area where the Family Support Act failed to achieve the desired goals primarily because benefit programs remain driven by an "error rate mentality". This will not change until eligibility rules are changed and simplified.
10. HUD rules should be changed to require all Housing Agencies to provide a year (or more) of "transitional rent" for families who lose AFDC due to employment. At the same time priority should be given to these families for Section 8 housing certificates and other HUD housing opportunities.

11. Our greatest challenge in JOBS in Tennessee is meeting our AFDC unemployed participation rate. Unless the federal rules are changed for calculating this rate, most states will lose their enhanced JOBS funding. This will mean fewer recipients can be served. In Tennessee, we stand to lose \$3 million for next year. This formula must be changed to allow states to 1) take credit for those individuals sanctioned, 2) subtract those individuals with good cause and 3) subtract those who are exempt. Unless these changes are made quickly, all states will be dropped to a 50/50 match rate - Tennessee included.
12. We support the 20 hour rule generally and don't have any difficulty meeting it. We would, however, like to see full-time college students automatically granted 20 hours of participation.
13. Headstart programs must be expanded to provide full-day, full-week, full-year child care programs with the ability to use Headstart transportation vans to transport JOBS mothers to education and training programs.
14. Welfare Reform must be an integral part of the mission of every federal agency that remotely touches the lives of disadvantaged families. It is not just a Health and Human Services problem, but a problem for USDOL, HUD, Education, USDA and others. These agencies must join forces at the federal level as we have at the local level to mesh resources, forge new ideas and promote change at every level of the bureaucracy.



Chairman FORD. Thank you very much.  
Ms. Deyampert.

**STATEMENT OF MARY K. DEYAMPERT, DIRECTOR, DIVISION  
OF SOCIAL SERVICES, NORTH CAROLINA DEPARTMENT OF  
HUMAN RESOURCES**

Ms. DEYAMPERT. Good afternoon, Mr. Chairman.

I appreciate very much the invitation to come today from North Carolina to appear before this subcommittee and to talk to you as you deliberate in your oversight hearings on the Family Support Act. In my testimony this afternoon, I will provide an overview of how we in North Carolina are implementing our JOBS program.

In North Carolina, we implemented our JOBS program in 75 of our 100 counties. We will take that program Statewide to all of our 100 counties by July of this year. We in North Carolina have looked at our program and we have developed it in terms of what we call an interagency human capital investment strategy, designed to help welfare families get off of long-term dependency. We take our program seriously. We did an 18-month comprehensive planning at the State level. That planning included 155 individuals with 51 agencies involved to help us.

We carefully crafted that program so that we would recognize three things: The diversity of our community resources. We looked at the variability of local economies in our counties, and the needs of our AFDC population.

We take tremendous pride in what we do with our program in North Carolina. Some of our particular features about the program are that everything is individualized. We worked on an employability plan and tailored it to the individual needs of the recipient. Our attention has been focused on building the broadest possible base that we could in terms of education, training, and employment activities to help develop a creative program for our participants.

We also have clear measures. We often talk about what is expected of families. We have clear outcome measures of what we expect counties in our State to do, and we distribute funds to those counties based on those performance outcomes.

Also counties have to, each year, engage in an annual comprehensive planning process. The annual planning process includes, but is not limited to, community colleges, public schools, JTPA, which is done in conjunction with the Employment Security Commission. So it is a comprehensive process based on outcomes and clear expectations.

We have contracted in North Carolina with the University of North Carolina Research and Design Laboratory to conduct a study which will help us determine what is working in our program in North Carolina.

Also, one of the strong features, that we hear so much about, which we believe very strongly in, is that we prioritize custodial teenage parents. We believe that there is a strong correlation between teen pregnancy and education.

When we look at our first year participation for 1992-93, we served over 4,000 teenagers. That participation rate was over 37 percent of our total teenage custodial population. When I went back and looked at our information in terms of our first 6 months

for 1993-94, we have served over 3,100 teenagers, which is, currently right at about 33 percent of our total teenage custodial population.

I have already mentioned that our JOBS program will be going to our 100 counties by July of this year. In North Carolina, we have a total of 100 counties. We are a county-administered system. Eighty-five of our 100 counties are considered rural. Right now, 50 of those counties have been classified by our Department of Commerce as economically distressed counties.

Under the leadership of Governor Hunt, North Carolina has initiated an extensive effort to put about \$85 million into a development of business capital, water and sewer facilities, and housing in rural communities. He has also put together the Workforce Preparedness Commission, a commission that is looking very comprehensively at developing economic possibilities for North Carolina, and JOBS is a part of that big feature.

I would like to mention that in addition to our doing the performance outcomes with counties and providing moneys based on that performance, we also offer what we call component development strategies for counties. Component development strategies are in addition to the comprehensive planning and doing other kinds of creative things. We also offer moneys on a competitive basis to do nontraditional kinds of things, to do new things and form partnerships and new partnerships with agencies out there.

In conclusion, I would like to say that, we believe JOBS is a successful program in North Carolina. We believe it has potential and even more potential than what we have been able to realize so far. We believe that there are certain things that have to happen, which we would like to see, and that is that the cap would be lifted.

We also believe—may I please just say a couple of final things, sir?

Chairman FORD. You may proceed.

Ms. DEYAMPERT. Thank you very much.

We also believe that we are going to have to continue to hit hard at the teenage population. We believe that the JOBS program needs to recognize that teenagers need to be able to be helped and to work in the JOBS program prior to their having to either drop out of school or to have a child before we are ready to help them.

We believe that there has to be a realization and a correlation between simplification in order for families to get better. Transportation is an issue for us in North Carolina. Families must have access to transportation. Families need cars; families need to be able to carpool. Additional strategies are needed in order for families to get better.

Finally, let me just say that we in North Carolina do not believe that anything in the JOBS program should be further passed or mandated without an appreciation of the fact that different strategies work in different States. They also work in different counties. We believe in the model that we are implementing in North Carolina. We believe those kinds of models are critical and have validity, and we would like to see them have a place in the success and the continuation of the JOBS program.

Mr. Chairman, I really do appreciate the opportunity to be here. I think that this is essential and it is important, and I think these kinds of deliberations are what we need as we continue to debate and revisit welfare reform in our country.

Thank you very much, Mr. Chairman.

[The prepared statement and attachments follow:]

TESTIMONY OF MARY K. DEYAMPERT  
NORTH CAROLINA DEPARTMENT OF HUMAN SERVICES

Remarks by Mary K. Deyampert, Director of the North Carolina Division of Social Services, before the Subcommittee on Human Resources of the Committee on Ways and Means, U. S. House of Representatives.

Mr. Chairman, I am Mary K. Deyampert, (State Welfare Director, North Carolina Division of Social Services). I appreciate the invitation to appear before this Committee and participate in your oversight hearing on the Federal Family Support Act.

In North Carolina, the Job Opportunities and Basic Skills Training (JOBS) program is in operation in 75 counties and will be in place in all 100 counties effective July 1, 1994. The JOBS program in North Carolina is an interagency human capital investment strategy designed to reduce the risks of long-term welfare dependency. It is a program in which we take great pride.

Following an 18 month interagency planning process at the state level, we carefully crafted a program that recognizes the diversity of community resources, the variability of local economies, and the needs of the AFDC population. Some of the important features of the North Carolina JOBS program are:

Everything is individualized to the needs of the recipient: There are no pre-determined treatment streams or sequence of activities. Our attention has been focused on building the broadest possible base of education, training and employment activities to enable creative, individualized planning for each participant.

We have clear measures of program outcomes and distribute JOBS funds to counties based on program performance: Each county is assigned specific outcomes for which it is accountable and which affect its program funding. (Copies of the goals are attached.)

We have contracted for an aggressive, longitudinal, family tracking study with the University of North Carolina as part of our determination to document program effects. (Progress of evaluation is attached.)

We prioritize teenage custodial parents for program involvement, particularly high school drop-outs.

In North Carolina, 85 of the state's 100 counties are considered "rural"; 50 of these counties are designated by the state Department of Commerce as "economically distressed".

Under the leadership of Governor James B. Hunt, the state has initiated an extensive effort to provide more than \$85 million for the development of business capital, water and sewer facilities, and housing in rural communities across the state. The Governor has also created a Commission on Workforce Preparedness to spearhead his administration's workforce development efforts and coordination in order to build a comprehensive, performance-driven state



system on workforce development. Indeed, an impressive infrastructure for local economic development has been implemented. The JOBS program, therefore, is a part of this broad workforce preparedness effort that is a critical element of economic development, particularly in the state's rural communities.

Also, with the clearly documented relationship between educational attainment and long-term dependency on public assistance, AFDC recipients should have equitable access to education and training activities, even though the nature of these activities may vary from a rural to an urban community. The argument that education, training, and employment services are poor investments for public assistance recipients in rural areas with high unemployment is a "Catch-22" proposition that has the effect of "writing off" the hope that this population will ever become competitive for existing employment opportunities at the very time that public concern about long-term dependency is soaring.

Additionally, the Division of Social Services offers JOBS counties an opportunity to develop innovative activities for program participants through Component Development Projects (CDP). These project funds have been made available in an effort to challenge county JOBS staff to expand collaboration efforts and to pilot activities designed to meet local participant needs.

JOBS offers the funds through a competitive process, to further develop community resources for recipients of Aid to Families with Dependent Children (AFDC). To be selected for project funding, the Department of Social Services and an education, training, and/or employment agency must form a "partnership" to provide new opportunities for recipient families.

Thirteen (13) counties were awarded CDP projects in state fiscal year 1992-93, while twenty-two (22) counties received project funds for SFY 1993-94. Examples of the projects include:

- partnerships with local community colleges to integrate vocational and basic skills training;
- partnerships with public schools, Job Training Partnership Act (JTPA), Employment Security Commission (ESC), and other community agencies to provide teen parents with labor market information and vocational exploration opportunities to support high school completion, and preparation for education/employment opportunities;
- partnerships with the local Employment Security Commission (ESC) to provide individualized On-the-Job Training opportunities.

### Recommendations

The Job Opportunities and Basic Skills Program has proven successful in North Carolina in promoting employment and self-sufficiency for thousands of AFDC families. We would encourage building upon this success.

The cap on federal JOBS allocation should be lifted. This action will enable us to reach a greater percentage of recipients and expand creative service delivery in communities.

Federal AFDC and JOBS regulations must be made more friendly with the goal of avoiding long-term dependency. For example, federal AFDC regulations should facilitate the resolution of transportation problems through personal vehicle purchase, carpooling, etc. Current regulations inhibit creative resolutions of barriers to employment faced by recipients. Likewise, federal JOBS regulations should allow the participation of teenage recipients who are enrolled in school and have been identified by school officials as being of significant risk of dropping out. If our purpose is to avoid long-term dependency, shouldn't these students be allowed to volunteer for program participation before they have actually dropped out of school, and participation becomes mandatory? Teenagers should not be required to either have a baby or drop out of school before they can be counted as JOBS participants.

Improvements in the JOBS program must not involve federal mandates that have the effect of discouraging a human capital investment strategy in the provision of education, training, and employment services for public assistance recipients. We believe that this model is critical to JOBS program success.

Again, I very much appreciate the opportunity to participate in this hearing on the Federal Family Support Act. I agree that such a discussion is critical and indeed provides a solid foundation for the subcommittee's deliberations on welfare reform.

JOBS PROGRAM GOALS  
SFY 1992-93

Purpose: The purpose of the JOBS Program is to assure that AFDC recipients obtain the education, training, supportive services and employment that will help them avoid long-term welfare dependency. The information below summarizes program outcomes during the SFY 92-93; 16 of the 75 JOBS counties had only six months of program operation prior to beginning the SFY 92-93.

Outcomes  
Thru 06-30-93

Goals For SFY 92-93

- |    |  |        |
|----|--|--------|
| 1. | <u>Participation Rate</u> - to achieve the eleven percent (11%) federal Participation Rate requirement for each quarter in the FFY.  | 16.59% |
| 2. | <u>Target Group Expenditures</u> - to achieve the fifty-five (55%) federal Target Group expenditures requirement in the FFY.   | 74.0%  |
| 3. | <u>Satisfactory Participation</u> - to achieve an average, monthly statewide successful participation rate of 75% (this is the percentage of active participants in an education or training activity who satisfactorily complete 75% of their scheduled hours). | 85.2%  |
| 4. | <u>Teenage Custodial Parents</u> - to enroll 40.0% of all eligible teenage custodial parents in the program during the fiscal year.  | 36.8%  |
| 5. | <u>Teen-Age High School Drop-outs</u> - to enable 868 participants who are teenage school dropouts to return to school or other type of educational training.  | 921    |
| 6. | <u>High School Diploma Completions</u> - to enable 750 participants to obtain a high school diploma or its equivalent;   | 1,106  |
|    | to enable 609 participants identified as being most at-risk of long-term welfare dependency (target group) to obtain a high school diploma or its equivalent;  | 926    |
|    | to enable 94 participants identified as teenage school drop-outs to obtain a high school diploma or its equivalent.  | 126    |
| 7. | <u>Postsecondary Degrees Obtained</u> - to enable 369 participants to obtain a postsecondary education degree.   | 436    |
| 8. | <u>Skill Training Completions</u> - to enable 745 participants to obtain a certificate of successful completion of a vocational skills training course.  | 1,114  |

Outcomes  
Thru 06-30-93  
(cont'd)

Goals for SFY 92-93 (cont'd)

- |   |        |
|---|--------|
| 9. <u>Recidivism</u> - Confirm that 75% of the participants who terminate from AFDC due to employment after at least 120 hours of JOBS activity are not receiving AFDC twelve months later.   | 70.0%  |
| 10. <u>Employment</u> - to enable 1,019 JOBS participants to enter full-time employment (i.e. at least 30 hours per week) after participating in a JOBS education and/or training activity;   | 1,623  |
| to enable 590 JOBS participants identified as being most at-risk of long-term welfare dependency to enter full-time employment.   | 1,015  |
| 11. <u>Improved Access</u> - to enable 14,596 AFDC participants to participate in educational and training activities that they would not be able to take advantage of without the assistance of JOBS supportive services (including child care). | 17,445 |
| 12. <u>Penetration Rate</u> - to achieve an average monthly statewide Penetration Rate of 15.0% (this is the percentage of eligible participants actually in an education or training activity or JOBS-countable employment during the month).    | 13.5%  |



## JOBS PROGRAM GOALS SFY 93-94

**Purpose:** The purpose of the JOBS Program is to assure that AFDC recipients obtain the education, training, supportive services, and employment that they need to avoid long-term welfare dependency.

- A. OUTCOME GOALS** - these goals describe "what" participants in the JOBS program actually accomplish. Statewide and county-specific measures are established annually in each goal area.
1. Teen-Age High School Dropouts to enable 1,190 participants who are teenage school dropouts to return to school or other type of educational training.
  2. High School Diploma Completions to enable 1,485 participants to obtain a high school diploma or its equivalent.
  3. High School Diploma Completions - Target Group to enable 1,276 participants identified as being most at-risk of long-term welfare dependency (target group) to obtain a high school diploma or its equivalent.
  4. High School Diploma Completions - Teenage Dropouts to enable 173 participants identified as teenage school drop-outs to obtain a high school diploma or its equivalent.
  5. Post-Secondary Degrees Obtained to enable 644 participants to obtain a post-secondary education degree.
  6. Skill Training Completions to enable 1,468 participants to obtain a certificate of successful completion of a vocational skills training course.
  7. Employment to enable 3,000 JOBS participants to enter full-time employment (i.e. at least 30 hours per week) after participating in a JOBS education and/or training activities.
  8. Employment Target Group to enable 1,876 JOBS participants identified as being most at-risk of long-term welfare dependency to enter full-time employment.
  9. Employment Retention to confirm that 70% of the participants who obtain full-time employment after participating in a JOBS education and/or training activity maintained employment for at least nine of the subsequent 12 months.
  10. Recidivism to confirm that 70% of the participants who terminate from AFDC due to employment after at least 120 hours of program activity are not receiving AFDC twelve months later and received AFDC (money payment) no more than three of the intervening months.

- B. **PROCESS GOALS** - these goals describe "how" the JOBS program will be operated in relation to special points of emphasis in the state. Statewide and county-specific measures are established annually in each goal area.

#### Federal Requirements

1. Participation Rate to achieve the federal "Intensive Participation" standard of fifteen percent (15%) for each month in the SFY.
2. Target Group Expenditures to achieve the federal "Target Group" expenditures standard of 55% during the SFY.
3. Unemployed Parents to achieve the federal AFDC-UP Participation Rate requirement of 40% during the SFY.

#### Non-Federal Requirements

1. Penetration Rate to achieve an average monthly statewide Penetration Rate of 15.0% (this is the percentage of eligible participants actually in an education or training activity or JOBS-countable employment during the month).
2. Teenage Custodial Parents to enroll 45.0% of all eligible teenage custodial parents in the program during the fiscal year.
3. Improved Access to enable 20,742 AFDC recipients to participate in educational and training activities that they would not be able to access without the assistance of JOBS supportive services.
4. Satisfactory Participation to achieve an average, monthly statewide satisfactory participation rate of 75% (this is the percentage of active participants in an education or training activity who complete 75% of their scheduled hours).
5. Staff Productivity to achieve a high, statewide standard of Staff Productivity during the fiscal year.

Method A: Average monthly number of participants who "count" in the Participation Rate calculation per "pure Case Manager equivalent".

Method B: Average monthly number of participants who "count" in the Participation Rate calculation per direct charge staff member.

# North Carolina



## Evaluation

### In-Progress Brief

Human Services Research and Design Laboratory

School of Social Work

University of North Carolina at Chapel Hill  
Spring, 1993

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UNC-CH

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## What is JOBS?

An inter-agency human capital investment strategy designed to reduce risks of long-term welfare dependence.

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UNC-CH

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## How Does JOBS Work in North Carolina?

- Targets AFDC recipients
- Enables maximum economic self-sufficiency
- Emphasizes education and training, job search, and economic development
- Provides supportive and transitional services

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UNC-CH

## What is Special about JOBS in North Carolina

- Strong commitment to interagency partnerships
- Human resource investment strategy
- Focus on those most at risk for welfare dependency
- Comprehensive monitoring and evaluation

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UNC-CH



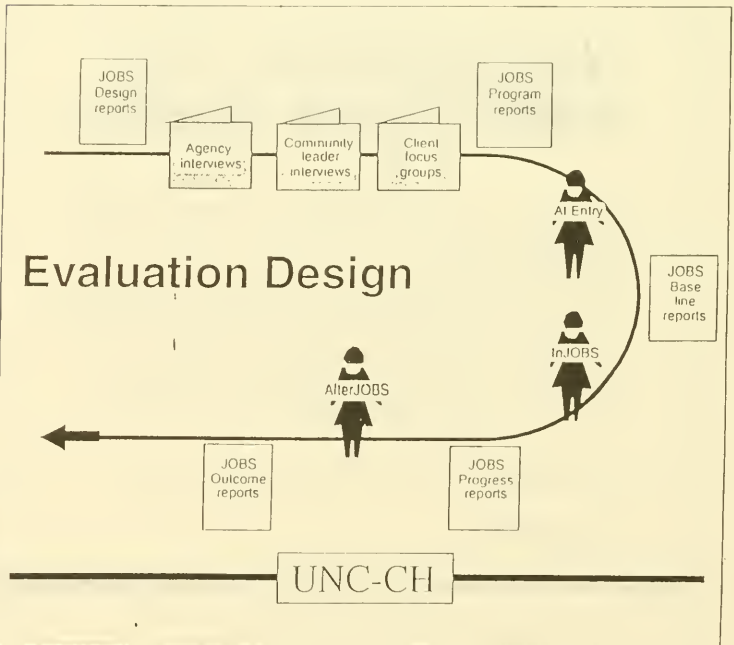
# Why Evaluate JOBS?

- Determine if program is successful
- Identify successful approaches
- Assess participant progress toward, and ability to maintain, self-sufficiency
- Inform policymakers at State and local levels

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UNC-CH

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## What Has the Study Found So Far?

### Program Start-Up

- Consistent with Federal guidelines
- Strong appreciation for State assistance
- Adequate JOBS child care supply
- Inadequate transportation
- High case manager morale
- High participant interest and involvement

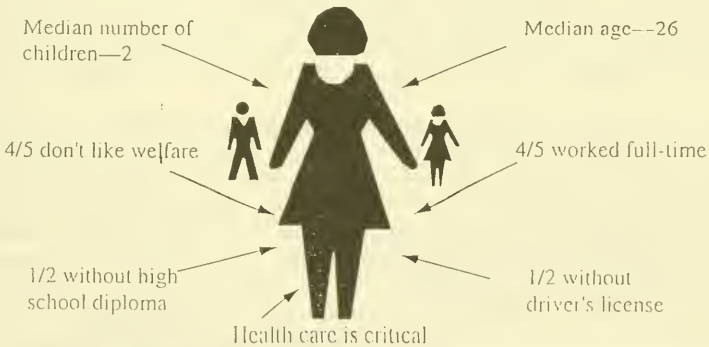
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## What Has the Study Found So Far?

### Participants Coming Into JOBS




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UNC-CH

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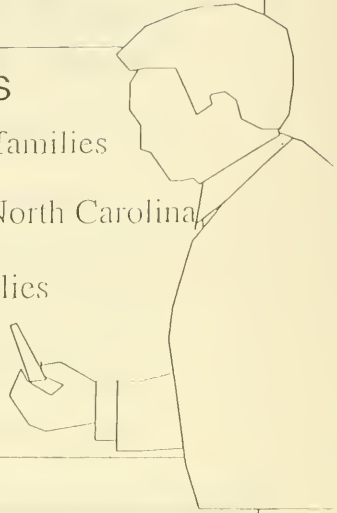
# Next Steps

Comparison between **JOBS**  
families and other AFDC families

Cost analysis of **JOBS** in North Carolina

Case studies of **JOBS** families

Analysis of the differences  
**JOBS** programs make

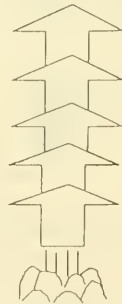


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## What Has the Study Found So Far?

Participant Progress in **JOBS**

- Commitment to working
- Confidence in solving tough problems
- Hope for the future
- Confidence in personal abilities
- Rating of dependability



UNC-CH

Chairman FORD. Thank you very much.  
Mr. Kemp.

**STATEMENT OF GARRY L. KEMP, ADMINISTRATOR, SELF-SUFFICIENCY AND SUPPORT SERVICES DIVISION, HAWAII DEPARTMENT OF HUMAN SERVICES**

Mr. KEMP. Mr. Chairman, thank you very much for the opportunity to testify today on this oversight hearing on the Family Support Act. I am here representing the State of Hawaii. I administer the JOBS program for the State of Hawaii as part of my duties.

I think one of the things I would like to start off by saying, in listening to the testimony this morning, is that as far as State investment goes, just to help frame my comments, the State of Hawaii has a capped entitlement of approximately \$4 million, another approximately \$1 million that we draw down under IV-A for child care. Our current State investment is \$8.5 million in this program. That, I think, demonstrates the commitment that Hawaii has to helping welfare families.

Also, just to give you an idea of the number of people participating, we have 8,000 families in the State of Hawaii that are mandatory to the JOBS program. We currently have 3,000 of those families in our program, or approximately 37.5 percent.

The Family Support Act embodies a set of human values and principles that offer meaningful opportunities for families on AFDC. We also believe that it offers us in the State of Hawaii a chance to address the multiple needs of the many low skilled and often dysfunctional families that are on AFDC today.

In the comments that I have heard so far today and in other meetings that I have attended at the national level, very often, we do not hear very much about the dysfunction that is present in the AFDC families. I would just like to go on record as saying that I think the debate that Congress has had in the IV-B area relating to child abuse and neglect and the new initiative in the family support area, that many of the families that we are serving in the JOBS program are exactly the same families that we are talking about there, that have experienced a history of abuse in the family, and that they have a number of issues facing them that they need to overcome before education and training becomes meaningful and before job placement can become a stable way of existence for the family.

The other thing about the Family Support Act that we are very positive about is that we like the fact that the program goal has been changed under the Family Support Act to one of seeking self-sufficiency for the family. As part of that, we would like to believe, as I have heard here this morning—I was very encouraged by your comments, Mr. Chairman, when you indicated that there is nothing wrong with training people for \$9 and \$10 an hour jobs. In fact, we think it is critical if we expect these families to get off welfare and to stay off welfare in this Nation.

There are many people for whom they will not be able to achieve this level, but still, we should be emphasizing this type of employment for those who can do it, because in many cases, the educational system in our State, and I suspect in a number of States across the country, has in a variety of ways failed these families

and they have not been able to get the necessary skills that they need and, therefore, need our assistance at this time. We are currently offering them, we think, a second chance.

The final thing about the Family Support Act that we really like is that this offers families hope, the hope to get out of poverty and to become self-supporting and to be able to care for themselves and their children without government assistance.

There have been a number of statements made in recent months about AFDC families needing to go to work. We agree very heartily with that statement. However, in order for this to be meaningful, a number of issues facing these adults must be addressed.

The Family Support Act gives States the flexibility to design the JOBS program in a way to best meet the needs of its families. In Hawaii, there is a strong feeling in the community that the JOBS program could not just focus on minimal investment efforts with JOBS participants that lead to low-paying jobs. Rather, there is a push to offer real opportunity that will make a difference.

This means in Hawaii that the program needs to be two-generational to meet the needs of both the adults and the children and to offer human capital investment educational programs for clients. I was very encouraged by the comments of the lady from North Carolina. We, too, support this approach as one of the most viable ways to help families get off welfare and stay off welfare.

In Hawaii, we also believe it is important to focus on indepth family assessment, supported by family functioning treatment services. To accomplish this, the Hawaii JOBS program uses a multidisciplinary assessment approach utilizing a social worker, a public health nurse, and an employment counselor to fully identify family strengths and needs.

As many as 60 to 70 percent of the women on AFDC in Hawaii have been abused. Whether it is physical, psychological or sexual, they have all had histories of abuse that leads to dysfunction within the family. Dealing with these issues, we believe, is the best way to ensure long-term self-sufficiency in these families.

The Family Support Act offers States the flexibility to emphasize a broad range of education and training. As many as 70 to 80 percent of the AFDC adults in Hawaii have below 12th grade achievement levels. We believe that these levels must be raised if they are to compete adequately in the labor force.

As far as the impact of the JOBS program in Hawaii, we think one of the main things is that it offers new hope for families, the hope that they, too, can become self-sufficient and be competitive with the other people in the community seeking employment.

Therefore, we would encourage there to be continued broad offerings of educational investment in these families if we expect families to exit AFDC and not to return to welfare.

I would like to note, Mr. Chairman, that many of our AFDC families that are in our program not only want to educate and train, but they want to go to work and they want off AFDC. They do not want to stay there.

In looking at the specific—may I continue for a moment, sir?

Chairman FORD. You may.

Mr. KEMP. Thank you.



In looking at some of the specific provisions of the Family Support Act, I would like to say that most of the provisions of the act are excellent. We think that it is a very good piece of legislation as written and offers States tremendous flexibility in addressing the needs of its families within its community.

However, there is, and it has been mentioned this morning, some difficulty, I think, with the way the 20-hour rule under the act has been required and forced States like ours to implement. The basic problem is not the fact that it requires activity. We support and encourage high levels of activity in our population. But the way in which this rule is calculated, I think, leads to a source of frustration for both staff and clients in the sense that we end up chasing participation rates rather than working on the issue of helping these families become truly self-sufficient.

Finally, I would like to just say in closing that Hawaii is currently seeking a waiver from HHS that would lead to the implementation of a work immersion program for families that are awaiting education and training. Under this work immersion concept, an additional 1,600 adults would be brought into this program and asked to work while they are waiting for their education and training services.

My point in bringing this to your attention is to say that not all programs have to focus simply on entry-level employment as a means of introducing savings to government. This work immersion program, while it will not take these families off AFDC at this moment, will produce the kind of savings that could be produced under the same approach if that were its only focus.

So I think a combination of approaches in trying to help families become self-sufficient would be more effective than one which is attempted to apply to all States, if you will.

Finally, we believe that the Family Support Act offers the flexibility that the States need to meet the needs of their families. We think we have an excellent program in Hawaii and we hope that we will continue to be able to make progress, as we currently are, in the implementation of this Act.

Thank you for the opportunity to testify.

[The prepared statement follows:]

**TESTIMONY OF GARRY L. KEMP  
HAWAII DEPARTMENT OF HUMAN SERVICES**

Introduction

Thank you for this opportunity to testify on progress that is being made in the implementation of the JOBS Program as provided for under the Family Support Act of 1988. My name is Garry L. Kemp and I serve as the Administrator for the Self-Sufficiency and Support Services Division, Department of Human Services for the State of Hawaii.

I am grateful for the opportunity to be here today to share the experiences of our State in the implementation of the JOBS Program. From the time that the Family Support Act was passed, we believe that it embodies a set of human values and principles that offered a meaningful opportunity for us to offer much needed assistance to the many families who receive Aid to Families with Dependent Children (AFDC) in Hawaii.

The Family Support Act of 1988 allows for educational and training that offers opportunities for financial self-sufficiency for the family. Prior programs, like WIN (Work Incentive Program), had the goal of helping the AFDC adult to find a job. This change in program goal, under the Family Support Act, is extremely significant and recognizes the importance of assisting welfare families to exit AFDC and to get out of poverty.

For years, welfare-to-work programs had very little funding and expected large numbers of low-skilled, dysfunctional families, to exit AFDC with little or no help. The premise, presumably, was that families on AFDC have sufficient work skills, but do not expend adequate work effort. This approach has resulted in AFDC families being required to participate in numerous government programs that offer little or no treatment services, have limited educational and training opportunities, and do not address family functioning or self-esteem issues faced by AFDC families.

The effect of programs like WIN has been to add to the discouragement of the AFDC family. These efforts, mostly unsuccessful, erred because it did not recognize the needs of its clientele. As such, instead of empowering the AFDC family, it has added to their burden, disappointment, and sense of despair.

The Family Support Act of 1988 has offered us a way to more properly meet the needs of AFDC families. In Hawaii, we now recognize that AFDC families have needs and that they are not all simple to resolve. We also recognize that many AFDC families suffer from years of abuse, whether physical, psychological, or sexual, and that these issues need to be addressed. Finally, we recognize that even though families on AFDC have a wide range of skill levels that must be addressed, that they each have one thing in common. They have the desire to set their lives straight and to be able to re-capture their hopes and dreams.

This recognition of the hope that the Family Support Act offers AFDC families we hope will not be lost or overlooked. The Act provides sound principles that emphasize work, and yet gives States the flexibility to design programs that meets the needs of its people.

Planning The Program

When the Hawaii JOBS Program was in the early planning stages, many community members asked how the State could

guarantee them that the JOBS Program would be different from prior welfare-to-work efforts? This question hinged on the promises that the Family Support Act seemed to make in terms of helping families to become self-sufficient rather than pushing recipients into low paying jobs that barely took them off welfare. It was argued that prior programs, like WIN, resulted in the recipient dropping out of the workforce and returning to AFDC assistance after a short time because welfare benefits were worth more than what the recipient could earn in the community. Also, there was strong feeling that the State would not work with the family in a way that would give them real opportunity and make a difference.

These comments, from our own community, were very disturbing because we had intended to implement the Family Support Act true to its apparent intent, and give Hawaii families broad opportunities. Thus, at the end of the first local conference on the Family Support Act held in 1989, Winona E. Rubin, the Director of the Hawaii Department of Human Services, assured community representatives that the JOBS Program would be planned with their input and that it would make every attempt to deliver on the promises of the Family Support Act. Further support was received from Governor John Waihee and the Hawaii Legislature in providing needed funding.

The events that followed proved to be very important to the development and implementation of the JOBS Program in Hawaii. Over 200 community representatives from both the private and public sectors, as well as private industry participated in the planning. Representatives came from every major island within the State, and included about 10 recipients that were on AFDC at the time.

The result of this planning process included recognition that the JOBS Program needed to be a two-generational program that focused on both the adults and the children. Further, that family functioning problems and issues are at the heart of helping AFDC families becoming self-sufficient.

Additional plans were developed to provide for in-depth assessment to identify potential barriers to employment and treatment services were provided for. These plans finally led to a process of career planning where the emphasis is on choice, and the recipient has the chance to seek education and training with up to a four year college degree as a maximum benefit. This human capital investment approach was considered critical as a way of opening a wide range of choices for the recipient.

### Program Philosophy

Program philosophy is extremely important in the JOBS Program. When JOBS was started in Hawaii, one of the things that was so encouraging was the positive point of view that the Family Support Act brought to services. Similarly, there was a strong desire locally to make sure that those positive concepts were brought to life. In evaluating the Hawaii service environment, it became clear that the basic approach of being client centered and customer service oriented had eroded over the years. Thus, a very conscious effort was made to return to client-centered services.

Customer service has become one of the basic principles of our program in Hawaii. This philosophy is one which starts from the time a client walks in the door. Staff are asked to greet clients in a positive manner as soon as they walk in. Then, the client is asked to have a seat and the worker is called to the front to greet their client. Also, our units have no counters or barriers to give the clients the appearance that the unit is closed to them. This appearance of openness gives the unit a

positive and motivational emphasis.

Beyond the initial contact and impression that we try to give the client, we emphasize personal respect for the client, co-workers, service providers, and all others with whom staff have contact. This approach gives high priority to high quality, customer friendly service. Thus, we encourage staff to view their service as one that they would want the client to purchase if it were for sale. In this way, we have successfully changed the image of Hawaii government services in the JOBS area.

The customer service concept is further supported by providing for motivational training for both staff and clients. We have found that if the workers are positive and up-beat about their own work circumstances, then we have a better chance of getting staff to motivate the client to success. To motivate staff, we use a combination of a positive office environment, in conjunction with the staff motivational training.

On the client side of the equation, we provide motivational opportunities at a number of different points. The first opportunity to motivate the client is part of orientation. The design is to give the AFDC adult a positive view towards success. Later opportunities include the Ho'ala (Awakening) activities which are designed to be six weeks of self-development programming which deals with issues surrounding abusive histories, self-esteem, goal setting, and other job readiness activities.

Overall, the philosophy of the program is key to clients wanting to be a part of the JOBS Program. To date, there are about 3,000 clients in the Hawaii JOBS Program of which about 93% are mandatory. Of these mandatory clients, it is exciting to not that about 80% chose to volunteer to participate so that they could take part in the JOBS Program sooner. We have a similar situation for the JOBS Pool or waiting list where there are about 6,400 clients and about 5,000 or 78% have volunteered to enter JOBS as soon as possible. We feel that the positive, customer service oriented program, coupled with strong services and broad educational opportunities can be credited for the enthusiastic response by our clients.

#### Family Functioning Services

JOBS Program services in Hawaii are essentially separated into three groups. The first group of services deals with services related to family functioning. One of the most important aspects of working with AFDC families in the JOBS Program is to make sure that the family as a whole is at a satisfactory level of functioning. To determine the functioning level, each adult receives an in-depth assessment interview. This interview process includes reading and math testing, along with a close look at psycho-social, health, and employment issues that the client faces. The purpose of this assessment is to ensure that there are no major obstacles facing the family that would detract from the adult's ability to be successful in education and training activities.

To accomplish the in-depth assessment, the Hawaii JOBS Program uses a multi-disciplinary team made up of a social worker, a public health nurse, an employment counselor, and a generic case manager. The case manager collects a variety of family background information on the AFDC adult, the children, other members of the household, as well as significant others. The purpose of this examination of the adult and other members of the household is to ensure that any barriers to employment are detected early on in the process.

The results of the assessment process determine if treatment services are necessary. If so, then the multi-disciplinary team,

chaired by the social worker will draw up a suitable treatment plan that can be used in helping the client to resolve or bring the barriers under control.

The combination of activities in the family functioning area give the JOBS Program staff an excellent view on personal counseling and health related problems that exist. Thus, in accord with the findings of the assessment process, services for adults and children can be delivered in a positive way and constitute true two-generational support for families.

Under program policies, this assessment is conducted with all families and is designed to limit failure and disappointment on the part of the participant. In prior program efforts where there was no emphasis on family assessment, the adults were assumed to be functional unless they demonstrated extreme symptoms of dysfunction. Under such programs, the adult was assigned to job search, education or training and the success of the client was largely dependent on their ability to function without difficulty.

It is widely known in the Social Services field that AFDC families represent some of the most dependent families and many have: long histories of physical, emotional and sexual abuse; had children since they were teenagers; extensive drug and alcohol abuse dependence; and are the products of generations of family instability. Knowing these factors, it is instructive to recognize that these types of problems are common reasons for failure in the education, training, and job arenas. Families with problems, especially disadvantaged families, have a difficult time dealing with the stress that is associated with family dysfunction. It is similarly true in the health field that disadvantaged families are more likely to have ignored health signals of problems that they have. Common problems related to diabetes, hypertension, high cholesterol, obesity, and nutrition are prevalent. All of these issues are faced by JOBS families in one way or another at a prevalence of about 70% and more.

We believe, therefore, that it is critical to address family functioning issues to ensure that the adults can properly focus on the education, training, and employment activities that will lead them down the path to self-sufficiency. Without this assistance, the risk of failure is high and such failure is damaging to the participant, staff, providers, and employers.

#### Human Capital Investment Programming

The second group of services for JOBS clients deal with education and training. From the outset in Hawaii, there was a feeling that since the cost of living is high, work force entrants would need strong skills to compete for employment positions. To enhance the chances of recipients being able to compete, it was felt that a high school diploma would be the minimum education level needed to be able to gain self-sufficient employment. Beyond this minimum, there was further thought that college education offered the greatest likelihood of higher paid employment and the most stable road off AFDC.

Given these thoughts, it became clear that the program had to consider the characteristics of AFDC families as part of program development. In testing JOBS participants, between 70-80% of the adults that enter the program have less than a twelfth grade achievement level. Many of the adults have fifth grade or lower reading levels. This information made clearer the challenge faced by the AFDC family. Many families had the combined attributes of family dysfunction and low achieved educational levels.



With these criteria in mind an important decision was made. We decided that the fullest range of educational and training opportunities would be made available with the goal of a high school diploma as a minimum for as many AFDC adults as possible. While this is a challenge, if we are to embrace the Family Support Act as fully as possible, then there has to be broad opportunities for self-sufficiency. The same is true for skills training.

To facilitate a broad range of educational opportunities, it was decided to offer up to a four year college education as a maximum benefit. This meant that a wide range of education options could be offered to clients. While most JOBS clients do not choose four year college, many choose post-secondary education opportunities at the Community College level. Examples of career goals being pursued by post-secondary students include: social worker, nurse, teacher, business administration, travel agent, various kinds of health field related technical jobs like x-ray technician, lab technician, and so forth.

To similarly, address the needs of lower functioning adults that are on AFDC, the participants are counseled on the types of employment opportunities that can lead to financial self-sufficiency. Many of these adults have proven capable and with increases in their functioning level have obtained employment positions in areas like: food service, cosmetology, electrical work, clerical, bookkeeping, and truck driving.

The main point here is that true self-sufficiency depends on the AFDC adult developing skills that will carry them through. In this vein, the more skills that can be offered, then the more probable self-sufficiency becomes. Nominal efforts at building skill levels offers the prospect of low paying employment and a likely path back to the welfare system.

Some AFDC adults will not be able to become independent of the welfare system. Despite this it is appropriate for as many as possible to enter the workplace and to work within their ability. By doing this, it offers hope for the future because now the head of household works. This will change the way that children think of their parent(s) and could very well motivate the child to want to be off welfare when they become adults.

We believe that in order to break the cycle of poverty, we must recognize that the hope is in the children. It will be possible to get many families off AFDC under the JOBS Program, but most will not get out of poverty. Thus, we have to maintain our patience with welfare families and help them to build for the future.

### Supportive Services

Supportive services is the third and final group under the JOBS Program. Under this area, child care, transportation, and work related expenses are covered. These services are indispensable to the AFDC family in trying to become self-sufficient.

Trends in the use of these services have varied. In the early stages of the JOBS Program in Hawaii, child care services were not requested frequently. Now, in FY1994, over 600 children are in care daily at an annual cost of about \$1.7 million. We expect the usage and reliance on this service to continue to rise. This increase in usage is believed to be tied to the AFDC parent becoming more comfortable with utilizing the service. In the area of transportation, everything has gone smoothly with the exception of some of the more rural areas of the State where there is no bus service. Efforts have been made under the JOBS Program to enter into leased bus agreements for transportation services just for JOBS clients. This is an area where increased

Federal assistance would be desirable. Finally, in the work related expense area no significant problems have been encountered.

#### Impact of the JOBS Program in Hawaii

The JOBS Program in Hawaii has fostered a positive sense of pride among staff, clients, welfare advocates, and agencies in the community. This positive result is because the program represents the thinking of over 200 representatives in the community who assisted in planning the JOBS implementation, and that result can now be seen in the final product. This sense of pride has prompted agencies in both the public and private sectors to join together and work towards the common goal of helping JOBS participants and their families to become self-sufficient.

In terms of exits from AFDC, the number of JOBS participants to exit each year is modest, but is on the rise. During State fiscal year 1993, there were a total of 75 participants that exited AFDC due to employment. In the first six months of fiscal year 1994 this number has already been exceeded and promises to approach 175-200 families by year end. While this growth is gradual, the JOBS Program was phased in over a three year period and it has taken time for many families to deal with family functioning issues, receive education or training and to exit welfare. Part of this phenomenon is that progress is incremental for some adults, but for many more they have educational skills to build before they will be ready for job placement.

For the adults that have exited AFDC to date, it has been found that those who exit by way of program goal completion average wages at about \$8.55 per hour. Recipients that leave the program without completing their job goal tend to average about \$6.50 per hour. These figures show a distinct advantage in completing training goals. For those clients who are in technical and professional education programs, salaries and wages are expected to be higher which will raise the overall pattern of earnings. For example, one of our JOBS participants recently graduated from the JOBS Program and became employed as a nurse at a local hospital. This individual is earning in excess of \$2,200 per month starting salary, with many employee fringe benefits, including health insurance.

Perhaps the most important impact is what JOBS participants say the program has done for them. Almost without exception, comments are made about how valuable the child care and the support services from staff are. One young JOBS participant commented that she always tells her friends not to give up and to stick with JOBS. She tells them that she knows they can do it, if only they will try. This is wise counsel from someone who feels like they hit rock-bottom before JOBS came along.

#### Success in Meeting Participation Rates

The participation rates provided for in the regulations for the JOBS Program have been the subject of some controversy over the past three years. It was a new concept to have a 20 hour participation requirement. Most employment counselors in Hawaii found this to be a very new concept. In addition, many people felt that 20 hours of participation was more than many welfare recipients were capable of performing.

The good news is that the idea of having high levels of activity are very good. It helps a welfare adult to become more active and to move towards self-sufficiency faster by having a demanding schedule. We therefore support the idea of requiring participation at a high level.

What is difficult about the participation rate concept is

that it is fraught with all kinds of problematic rules regarding its calculation. For example, a participant must average 20 hours a week for an entire month or there is little chance that they will count in the State's participation rate. There are other difficulties, like the fact that studying for post-secondary does not count as participation, unless it is under the supervision of someone. Finally, there is limited opportunity to count work as participation under the program. It only counts for the month entered and month after, with a limited opportunity to count part-time work hours as long as it does not exceed the number of component hours.

What all this means is that the idea of high activity (i.e. 20 hours per week) is good, but the way that the rate is calculated and the decision about what counts and what doesn't needs to be reviewed. If not, the current trend will continue where alot of time is spent chasing satisfactory participation rates rather than spending the time helping the client become self-sufficient.

### Lessons Learned Under JOBS

One of the major things that is becoming clear in operating a JOBS Program is that system inadequacies in the areas of education and breakdowns in the AFDC family structure cause tremendous problems and present significant barriers to employment. In the education area, because 70% and more of the AFDC adults need Adult Education Services it was disheartening to discover that the program is funded at a low level in Hawaii, has low participation intensity which causes the adult to move towards higher levels of functioning at too slow a pace, and is not necessarily aimed at assisting adults to move towards financial self-sufficiency. The result of this is that the JOBS Program in Hawaii has to fund its own adult education programming. Further, the quality of the educational system itself within the State is such that the needs of many disadvantaged youth are not met. This results in drop-outs or graduation with lower than desired achieved levels.

Problems associated with breakdowns in the family are even more pervasive. Because the extended family is disappearing rapidly in Hawaii, many problems for youth are exacerbated when there are family problems. The supports that were once there through the family is eroding and many young people are having to make it on their own. Also, these supports have not been replaced in the community through either formal or informal services. These factors add to the complexity of helping families to become self-sufficient.

Thus, through the Hawaii JOBS Program, we made an effort to promote family stability much in the same way that Congress has envisioned for Title IV-B Services. This approach is the one that offers the most hope for long-term self-sufficiency.

### Program Expansion

The State of Hawaii has been negotiating a waiver proposal with the Department of Health and Human Services. This proposal looks at adding 1,600 families to the JOBS Program who are currently on the waiting list. This program, entitled JOBS WORKS! is a work immersion program designed to provide work experience to recipients while they are waiting for their education and training.

In an effort to encourage more AFDC adults to be a part of the JOBS Program and to give those AFDC adults an opportunity to get work experience as a part of the program, this waiver has been formulated with the idea that many AFDC adults that might

normally sit at home while waiting for the JOBS Program could profit from working instead. Work experience assignments, early in the welfare-to-work process, followed by education and training offerings is felt to be an effective method of assisting families to move up in the work force.

This approach, adopts the assumption that effective employment and training programs must employ a variety of learning experiences that can lead families to self-sufficiency. Over the years, models which rely on little or no education and training offerings have proven to be short-term, ineffective methods of helping families to exit welfare and to stay self-sufficient.

This approach appears to have substantial empirical validity as well. Most members of the workforce have adopted a work-educate-and work again philosophy over the years. Welfare families seem to need the opportunity and perhaps the encouragement to utilize similar employment patterns as a way of increasing their earnings and maximizing their potential.

In view of the changing nature of welfare policy, it seems prudent to continue to look for ways to enhance opportunities for AFDC families to become active and work affirmatively on attaining self-sufficiency. Accordingly, discussions have been under way within the JOBS Program to see if there is a way to continue to increase the activity of the AFDC adult in the pursuit of self-sufficiency and yet not compromise the overall goal of the program in terms of properly addressing personal and financial self-sufficiency issues.

The program change identified offers an opportunity to increase the number of participants in the JOBS Program. The basic design of this option would be to extend services to AFDC families that are on the waiting list to get into the JOBS Program. At present these families have to wait their turn to get into the program and most end up being inactive until they are called to participate. At present, there are 6,404 families waiting in the pool, compared to about 3,000 families actively participating in the program.

This proposal intends to offer work experience job placements to persons waiting in the selection pool. Under this proposal, a special unit devoted to job development and placement would seek employment opportunities for members of the selection pool. These placements would be for about 18 hours per week on the average. Pool members that are placed under these arrangements would work until they are called to participate in education and training where they could gain greater skills that would facilitate job placements with higher earnings.

The advantage to this approach is that many welfare families could become employed immediately, albeit in low paying positions, and begin to get some generic experience working, taking the children to child care and so forth. Also, it avoids the traditional dichotomy of whether or not to offer short term or long term employment services. This approach draws from the best of both concepts in that the immediate employment is another type of experience that leads to longer term education and training which is believed to be the key to breaking the cycle of poverty. This advantage is very important because it has been well established that short term efforts by themselves do not get families out of poverty which is essential to reducing long term dependence. Further, human capital investment models, which offer the most hope for total self-sufficiency take time to produce results in large quantities. Thus, this proposal would bring a large number of families into the work force which produces immediate gains due to the reduction in welfare subsidy needed for large numbers, but preserves the longer term results that ultimately policy makers are looking for.

Summary

We are very pleased with the flexibility that the Family Support Act provides. It has allowed the State to develop a program that matches the values and service principles of the community. It has also allowed us to create a welfare to work program that has the largest percentage of AFDC families participating in history. This fact places the state in the unique situation of being able to address the needs of many AFDC families as they strive for self-sufficiency.

The JOBS Program has also allowed the State to address many of the Family Support needs that Congress struggled with over the last year in relation to the Title IV-B funding for the nation. Now that Title IV-B funds are about to be increased, the Hawaii community will be in even a better position to leverage resources on behalf of families. The JOBS Program in Hawaii has laid the foundation for much of this work.

We think it very important to reiterate, that the keys to long term self-sufficiency lie in the combination of family functioning or support services and the educational opportunities that are offered to JOBS participants. The family functioning services help to focus the client towards stable family life, and the educational services give the client the best opportunity for success. We look forward to continuing to implement Family Support Act provisions and helping Hawaii's neediest families to become independent of the welfare system.



Chairman FORD. Thank you.  
Mr. Townsend.

**STATEMENT OF LAWRENCE E. TOWNSEND, JR., DIRECTOR,  
DEPARTMENT OF PUBLIC SOCIAL SERVICES, RIVERSIDE  
COUNTY, CALIF.**

Mr. TOWNSEND. Good afternoon, Hon. Chairman Ford and the Subcommittee on Human Resources.

I am Larry Townsend, director, Department of Public Social Services, Riverside County, Calif.

In California, the JOBS program, we call it GAIN, which stands for Greater Avenues for Independence. Riverside is one of the six counties included in the MDRC Research Corporation study. Because the MDRC has already testified on that, I will not summarize those results.

Our county is about 1.3 million in population. It is 200 miles long, and we have about three different economies. One is service industries out in the desert, we have agriculture, and we have light industry.

I would like to point out that the MDRC is going to be doing a third study, and that will include a cost-benefit analysis. However, we have been doing our own internally, and we are rather hopeful that the results will be somewhat similar to ours.

We expended in 1992-93 about \$8 million in the program. By our own internal tracking, we find that we are reducing AFDC benefits by about \$14 million. That has significant implications when you are talking about a Federal balanced budget and a need to expand the JOBS program.

It costs us about \$1,400 to make a job placement. We have about 4 percent of all the welfare recipients in the State of California, and we have been getting between 15 and 19 percent of all job placements in the entire State of California. We have about 3½ to 4 percent of the States GAIN appropriations.

While we do not profess to have a final solution to welfare dependency, we do believe that our design and the way we have implemented it in Riverside County is different than that of the other counties.

Basically, we decided to do a high-performance job placement model. It is mixed with kindness and motivation, we have an orientation process, we have an appraisal process, we have job club, job search, we have remedial education, and some training for clients that need it.

We believe that several things have contributed to Riverside County's success in the first 2 years. First is philosophy and ideology. That is a real basis of beliefs which helped us to focus our program. We believe that work is inherently good for individuals, and each day in employment is a good day. Employment provides individuals with pride in earning all or part of their support and the opportunity for them to discover unsuspected skills and abilities, a chance to be a better role model for their children, and a hope for a better future. You won't find that sitting at home on welfare.

There is no magic bullet or ultimate job for a client. There is job turnover in every occupation. We believe that the initial wage on the first day of employment is just the beginning of opportunity

and a new story. It is a chance to prove his or her worth to an employer, earn pay increases, promotions, or maybe have a basis for a new job.

In America's past, there was a belief that if you worked hard, did good work, and were reliable, you would eventually prosper. This belief is still valid today. Proof of this is evident in the success of our GAIN clients.

Employment is a gradual socialization process. You don't prepare them and all of a sudden they are going to be a wonderful employee. One of the best things that can happen to somebody is to be fired, if you have done it wrong. It is a learning experience.

Employment, however modest, teaches and reinforces very basic and essential skills that some of us take for granted—listening to an alarm clock, accepting supervision, retaining instructions so they complete the task reliably, getting along with coworkers, and dressing appropriately for work.

If an initial job placement is not successful, we don't view it as a failure in our GAIN program. We sit down and we debrief it with the client, with how they might be more successful and what they ought to do differently in the next job.

Most AFDC clients don't want to be on AFDC, and we really believe that. One of the things that is really crucial as an issue in our country is that you need to serve clients in a cost-effective way if you are going to serve the majority of your clients.

We use the Pareto Principle as part of our infrastructure. This 19th century economist said that in any human activity, organizations spend 20 percent of their time on the items and things that produce 80 percent of the results. So we instead tried to say, we are just going to try and work on those things that get us outcomes or results.

We think that is also compatible with the concept of the greater good for the greater number. If we keep our expenditures down, we can therefore reach more welfare clients and we can help to work with the client in arranging for them a new future.

Some clients need more encouragement to participate than others. Some need a nudge, just like a baby bird needs to be moved off the branch by its mother bird. We try to do that. We try to build up their self-esteem, but we need to be firm and we consider the program to be mandatory.

If we do have to, after extensive counseling, we do have to sanction a client, we will do that, but we consider that the client is choosing to sanction themselves, because we are giving them about a month of opportunity to work with us.

There are three points I wanted to make in terms of focus, if I could.

Chairman FORD. Go right ahead.

Mr. TOWNSEND. We focus our program on getting employment. Each member of our staff knows that, and we have written performance standards for our GAIN counselors. They are separate from our AFDC counselors. They are selected because their attitudes are positive, they are upbeat, and many of them have track records that they have never failed. We wanted special skills to deal with our clients.

I mentioned before that participation is a requirement. We also use a sales and marketing approach. We talk about the responsibilities of the recipient to their families. We mentioned that it is a mandatory program and it is going to turn out to be very successful for them, and after a while, a little excitement starts to occur when they start to actually believe that.

We have specialized job developers, and this is really crucial for sustained results. We screen our clients. We teach them how to find jobs, how to interview and believe in themselves, but also, we do a proper thing called matching of the GAIN participant with an employer. This is business. If you don't give a business person a good product, you aren't going to get repeat business, and those doors will be closed in your face and we will be unable to help welfare recipients in the future. So we have to have a good product.

A number of recommendations I have, very briefly. We don't pick on targets nor groups of participants. We serve all clients equally and we believe that they all have value. Our success with long-term recipients in Riverside County has really been surprising to us.

We think with our cost-benefit ratio there is sufficient money you are now spending on the AFDC if the Federal Government would focus on outcome results, like job placements. You utilize the AFDC savings to expand the JOBS program and change welfare.

I would suggest that you have an incentive program. You have done that for JTPA, but not for JOBS in this way. Pay for your outcomes. Our costs are \$1,400. Give me \$2,500 and I will show you what results really are.

I am concerned very much that in the JOBS program, there is no expectation for job placements. There is none in California for job placements. We did this focused on job placement in a research program because we wanted to see what the results would be in order to provide input to committees such as yours.

The JOBS program is focusing on a process. We haven't said what we really want. I think in this country, we need to say what we really want to happen with our AFDC recipients. It is theoretically possible for a person to spend their entire life in the JOBS program and get credit under the participation requirement, but they will never move out. We need to move our clients through the program.

That concludes my comments.

[The prepared statement and attachments follow:]

UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN RESOURCES  
MARCH 15, 1994

TESTIMONY OF:

LAWRENCE E. TOWNSEND JR.  
DIRECTOR, DEPARTMENT OF PUBLIC SOCIAL SERVICES  
COUNTY OF RIVERSIDE, CALIFORNIA

**GENERAL COMMENTS**

GOOD MORNING, HONORABLE CHAIRMAN FORD AND MEMBERS OF THE SUBCOMMITTEE ON HUMAN RESOURCES. IN CALIFORNIA, THE JOBS PROGRAM IS CALLED GAIN, WHICH STANDS FOR GREATER AVENUES FOR INDEPENDENCE. RIVERSIDE IS ONE OF THE COUNTIES INCLUDED IN THE MANPOWER DEMONSTRATION RESEARCH CORPORATION STUDY OF CALIFORNIA'S GAIN PROGRAM. IN THESE COMMENTS, I WILL NOT FOCUS ON THE MDRC STUDY RESULTS BECAUSE MS. GUERON, PRESIDENT OF MDRC, CAN DO SO MORE EFFECTIVELY.

HOWEVER, I WOULD LIKE TO MENTION THAT ACCORDING TO THE MAY 1993 MDRC REPORT, "RIVERSIDE CONTINUES TO STAND OUT BY VIRTUE OF THE OVERALL MAGNITUDE AND, ESPECIALLY, THE CONSISTENCY OF ITS IMPACTS." THE EXTENT OF THE INCREASE IN EARNINGS AND THE DECREASE IN AFDC PAYMENTS IN RIVERSIDE CAN BE SEEN BY REVIEWING THE MDRC TABLES ATTACHED TO MY WRITTEN COMMENTS.

LATER THIS YEAR, MDRC IS SCHEDULED TO RELEASE A FINAL REPORT WHICH WILL INCLUDE A COST BENEFIT ANALYSIS OF THE GAIN PROGRAM. IN THE MEAN TIME WE HAVE A LESS SOPHISTICATED APPROACH TO COST BENEFIT ANALYSIS WHICH IS EXEMPLIFIED BY THE SECOND ATTACHMENT TO MY COMMENTS. THIS IS A COPY OF RIVERSIDE COUNTY'S MONTHLY GAIN IMPACT REPORT. USING AN AUTOMATED TRACKING SYSTEM, WE ARE ABLE TO IDENTIFY THE AFDC GRANT SAVINGS RELATED TO OUR GAIN PROGRAM. FOR EXAMPLE, FOR THE PERIOD JULY 1992 THROUGH JUNE 1993, THE AFDC GRANT SAVINGS ATTRIBUTED TO GAIN ARE APPROXIMATELY \$14 MILLION WHILE THE COST OF DELIVERING GAIN SERVICES FOR THIS SAME PERIOD IS APPROXIMATELY \$8 MILLION.

WHILE WE DO NOT PROFESS TO HAVE A FINAL SOLUTION TO WELFARE DEPENDENCY WE DO BELIEVE THAT THE DESIGN AND IMPLEMENTATION OF GAIN IN RIVERSIDE COUNTY INCORPORATES APPROACHES WHICH CAN BE DUPLICATED AT OTHER SITES AND WHICH MAY LEAD TO THE KIND OF SUCCESS DOCUMENTED BY THE MDRC STUDY. BECAUSE IMPLEMENTING LEGISLATION FOR CALIFORNIA'S GAIN PROGRAM GAVE CONSIDERABLE DISCRETION TO INDIVIDUAL COUNTIES REGARDING HOW TO OPERATE GAIN, RIVERSIDE COUNTY'S PROGRAM WAS RELATIVELY DISTINCT AT ITS INCEPTION FROM OTHER GAIN PROGRAMS IN CALIFORNIA.

WE BELIEVE SEVERAL THINGS HAVE CONTRIBUTED TO RIVERSIDE'S SUCCESS. FIRST, IS THE UNDERLYING PHILOSOPHY AND IDEOLOGY. SECOND IS A SET OF THREE KEY PROGRAM ELEMENTS WHICH CAN BE DUPLICATED ELSEWHERE. THIRD IS A BRIEF LISTING OF LEADERSHIP TECHNIQUES WHICH CAN BE USED TO EMPOWER STAFF.



## PHILOSOPHY AND IDEOLOGY

THERE IS A FOUNDATION OF BELIEFS UPON WHICH THE EMPLOYMENT FOCUSED PROGRAM IN RIVERSIDE COUNTY IS BASED. THESE INCLUDE THE FOLLOWING.

- o WORK IS INHERENTLY GOOD FOR INDIVIDUALS AND EACH DAY IN EMPLOYMENT IS A GOOD DAY

EMPLOYMENT PROVIDES INDIVIDUALS WITH: PRIDE IN EARNING ALL OR PART OF THEIR SUPPORT; AN OPPORTUNITY TO DISCOVER UNSUSPECTED ABILITIES AND SKILLS; A CHANCE TO BE A BETTER ROLE MODEL FOR THEIR CHILDREN; AND, HOPE FOR A BETTER FUTURE.

- o THERE IS NO MAGIC BULLET OR ULTIMATE JOB FOR EACH CLIENT

EARNINGS FROM THE STARTING WAGE LEVEL OF A JOB SHOULD NOT BE COMPARED WITH THE WELFARE PAYMENT LEVEL TO DETERMINE WHETHER THE JOB SHOULD BE ACCEPTED. THE INITIAL HOURLY WAGE ON THE FIRST DAY OF EMPLOYMENT IS JUST THE BEGINNING OF OPPORTUNITY. THE IMPORTANT STORY IS THAT THE NEW EMPLOYEE HAS A CHANCE TO LEARN, DEVELOP, DISCOVER ABILITIES, PROVE HIS OR HER WORTH TO AN EMPLOYER, EARN PAY INCREASES AND PROMOTIONS, OR MOVE ON TO ANOTHER JOB.

IN AMERICA'S PAST THERE WAS A BELIEF THAT IF YOU WORKED HARD, DID GOOD WORK, AND WERE RELIABLE, YOU WOULD EVENTUALLY PROSPER. THIS BELIEF IS STILL VALID TODAY. PROOF OF THIS IS EVIDENT IN THE SUCCESS OF OUR GAIN CLIENTS.

- o EMPLOYMENT IS A GRADUAL SOCIALIZATION PROCESS

EMPLOYMENT, HOWEVER MODEST, TEACHES AND REINFORCES VERY BASIC, YET ESSENTIAL, SKILLS NECESSARY FOR ACQUIRING AND RETAINING EMPLOYMENT THAT MANY PEOPLE TAKE FOR GRANTED BUT NOT ALL OF US HAVE, SUCH AS: SETTING THE ALARM CLOCK; GETTING TO WORK ON TIME; ACCEPTING SUPERVISION; LEARNING TO COMPLETE TASKS RELIABLY; GETTING ALONG WITH COWORKERS; AND, DRESSING APPROPRIATELY FOR WORK.

IF AN INITIAL JOB PLACEMENT IS NOT SUCCESSFUL, IT IS NOT VIEWED AS A FAILURE IN OUR GAIN PROGRAM, BUT, RATHER, IS EXAMINED AS AN OPPORTUNITY RICH WITH LESSONS REGARDING HOW THE GAIN PARTICIPANT MIGHT BE SUCCESSFUL IN THE NEXT JOB.

- o ALL INDIVIDUALS HAVE PROMISE, ABILITIES, AND POTENTIAL FOR A NEW FUTURE

MOST AFDC CLIENTS DO NOT WANT TO BE ON AFDC. RATHER THAN BE LABELLED AND PLACED IN CATEGORIES OR TARGET GROUPS, ALL AFDC CLIENTS SHOULD BE EQUALLY SERVED BY THE JOBS PROGRAM AND EFFORTS SHOULD BE MADE TO MOVE ALL AFDC CLIENTS INTO EMPLOYMENT AND OUT OF WELFARE DEPENDENCY AS SOON AS POSSIBLE.

- o MORE AFDC CLIENTS CAN BE SERVED IF EACH CAN BE SERVED LESS EXPENSIVELY



THE "PARETO PRINCIPLE", ESPOUSED BY NINETEENTH CENTURY ECONOMIST VILFREDO PARETO, IS THAT, IN ANY HUMAN ACTIVITY, PEOPLE SPEND ONLY 20% OF THEIR TIME DOING WORK WHICH YIELDS 80% OF THE RESULTS. IN RIVERSIDE COUNTY, WE APPLY THIS CONCEPT BY FOCUSING OUR EFFORTS ON THE ACTIVITIES WHICH ARE MOST LIKELY TO RESULT IN OUR CLIENTS OBTAINING PAID EMPLOYMENT.

BY COMBINING THE "PARETO PRINCIPLE" WITH THE PHILOSOPHY OF ACHIEVING THE GREATEST GOOD FOR THE GREATEST NUMBER, WE ARE LIMITING OUR EXPENDITURES PER INDIVIDUAL BY MOVING CLIENTS THROUGH OUR SYSTEM MORE QUICKLY THEREBY ENABLING US TO ASSIST A FAR GREATER NUMBER OF CLIENTS IN ACHIEVING A FUTURE OF PAID EMPLOYMENT.

- o SOME CLIENTS NEED MORE ENCOURAGEMENT THAN OTHERS TO PARTICIPATE

SOME AFDC CLIENTS RESIST PARTICIPATION IN GAIN. FOR SOME OF THESE AFDC CLIENTS, ONCE THEY UNDERSTAND THEIR PARTICIPATION IS MANDATED, THEY DIVE INTO THE PROCESS WHOLEHEARTEDLY. SOME OF OUR MOST INTERESTING SUCCESS STORIES ARE INDIVIDUALS WHO WERE INITIALLY HESITANT ABOUT PARTICIPATING.

A SMALL PROPORTION OF ABLE-BODIED AFDC CLIENTS BELIEVE SOCIETY SHOULD SUPPORT THEM. FOR THIS SMALL NUMBER, SANCTIONS MAY BE NECESSARY. IF, AFTER EXTENSIVE COUNSELLING, PLEADING, OFFERS OF ASSISTANCE IN PERSON, BY LETTER, AND BY PHONE, WE CONTINUE TO BE MET WITH NON-COOPERATION, WE SANCTION THE RECALCITRANT CLIENTS. WHILE SANCTIONS ARE APPLIED TO ONLY A SMALL PROPORTION OF THE CASELOAD, THE EXISTENCE OF SANCTIONS IS IMPORTANT TO THE SUCCESS OF OUR APPROACH.

### THREE KEY PROGRAM ELEMENTS

THERE ARE THREE MAJOR PROGRAM ELEMENTS WHICH ARE INSTRUMENTAL TO THE SUCCESS OF OUR PROGRAM.

#### EMPLOYMENT FOCUS:

ALL GAIN STAFF RECEIVE A STRONG AND UNEQUIVOCAL MESSAGE THAT THE PURPOSE OF THE GAIN PROGRAM IS TO ASSIST CLIENTS IN BECOMING EMPLOYED. GAIN COUNSELLORS ARE EXPECTED TO EACH MAKE 12 JOB PLACEMENTS PER MONTH.

OUR WORK WITH GAIN CLIENTS IS FOCUSED ON HELPING THEM LEARN TO UNDERSTAND THE BENEFITS OF WORKING, TO RECOGNIZE THEIR OWN VALUES AND ABILITIES, AND TO MARKET THEMSELVES. IN ADDITION, THEY ARE TAUGHT HOW TO LOCATE AND SECURE EMPLOYMENT INDEPENDENT OF OUR GAIN STAFF IN THE FUTURE.

#### PARTICIPATION:

GAIN CLIENTS ARE APPROACHED BY STAFF WITH THE OBJECTIVE OF SECURING THE CLIENT'S ENTHUSIASTIC PARTICIPATION. WE SELL THE CLIENTS ON THE BENEFITS OF PARTICIPATION AND THE SERIOUSNESS OF THEIR RESPONSIBILITY TO THEIR FAMILIES.

WE DO CONSIDER THEIR PARTICIPATION TO BE MANDATORY AND, IF NECESSARY, WE DO ENFORCE PARTICIPATION.

#### JOB DEVELOPMENT:

WE HAVE SPECIALIZED JOB DEVELOPERS AGGRESSIVELY INVOLVED IN LOCATING JOB VACANCIES AND RECRUITING EMPLOYERS. THE JOB DEVELOPERS VIEW BOTH THE POTENTIAL EMPLOYERS AND THE GAIN PARTICIPANTS AS THEIR CUSTOMERS. WE DO EXTENSIVE SCREENING OF GAIN PARTICIPANTS PRIOR TO REFERRAL IN ORDER TO ENSURE THE EMPLOYERS WILL CONTINUE TO PERCEIVE GAIN PARTICIPANTS AS A VALUABLE RESOURCE.

AS AN AUGMENTATION TO THE JOB DEVELOPERS, ALL STAFF, FROM THE CLERICAL LEVEL TO THE DEPARTMENT DIRECTOR, ACT AS VOLUNTEER JOB DEVELOPERS BY IDENTIFYING AVAILABLE JOBS IN THE COMMUNITY. IN ADDITION, AT ONE STAGE OF THE GAIN PROCESS, ALL PARTICIPANTS ARE WORKING TO IDENTIFY JOBS AVAILABLE IN THE COMMUNITY. IF THE JOBS THEY IDENTIFY ARE NOT SUITABLE FOR THEM, THEY MAKE THE INFORMATION AVAILABLE TO OTHER GAIN PARTICIPANTS.

## SELECTED LEADERSHIP STRATEGIES

### o LEADING BY EXAMPLE

FROM THE EARLIEST STAGES OF PLANNING FOR THE GAIN PROGRAM THROUGH TODAY, I VISIBLY DEMONSTRATED TO STAFF MY BELIEF IN THE VALUE OF EMPLOYMENT, IN THE GAIN PROGRAM AS A MEANS TO HELP AFDC CLIENTS BECOME EMPLOYED AND REDUCE THEIR DEPENDENCY ON WELFARE, AND IN THE CRUCIAL VALUE OF THE GAIN PROGRAM TO THE COMMUNITY.

SOME ACTIONS TAKEN TO ACCOMPLISH THIS OBJECTIVE INCLUDE ATTENDING STAFF TRAINING SESSIONS, MAKING REGULAR VISITS TO THE DISTRICT OFFICES, AND CHAIRING LARGE GROUP DISCUSSIONS ON THE GAIN PROGRAM WHERE WE DISCUSS THE VALUE OF THE PROGRAM TO THE PARTICIPANTS, TAXPAYERS, SOCIETY, AND FUTURE GENERATIONS.

### o LEADING BY EXPECTATIONS

WHILE THE GAIN PROGRAM HAS MANY COMPONENTS AND PROCESSES, WE RECOGNIZE THEM AS THE MEANS AND NOT THE END. IN ORDER TO KEEP STAFF FOCUSED ON THE END GOAL, JOB PLACEMENTS FOR GAIN PARTICIPANTS, I ESTABLISHED WRITTEN PERFORMANCE STANDARDS IN WHICH JOB PLACEMENTS ARE THE PRIMARY MEASURE OF SUCCESS. WHILE I SET THE GOAL HIGHER THAN ANY OF THE STAFF THOUGHT REASONABLE, 12 JOB PLACEMENTS PER MONTH, THE VAST MAJORITY OF GAIN COUNSELLORS REGULARLY EXCEED THE STANDARD. IN ADDITION TO INDIVIDUAL STANDARDS, THE GAIN PROGRAM AS A WHOLE IS REQUIRED TO MAKE 6,000 JOB PLACEMENTS PER YEAR.

I ALSO ESTABLISHED AN EXPECTATION THAT STAFF HIRED IN GAIN WOULD HAVE SEVERAL IMPORTANT CHARACTERISTICS. THEY MUST BE TOP PERFORMERS FROM OTHER PROGRAMS; THEY SHOULD NOT HAVE HAD FAILURES IN THEIR OWN EMPLOYMENT HISTORY; THEY SHOULD BE WELL GROOMED; THEY SHOULD HAVE A POSITIVE AND ENTHUSIASTIC DISPOSITION. EXTENSIVE TRAINING IS PROVIDED FOR GAIN STAFF TO INCREASE THE LIKELIHOOD THEY CAN MEET THE PERFORMANCE EXPECTATIONS.

### o LEADING BY GETTING OUT OF THE WAY

WHILE GAIN STAFF HAVE BEEN GIVEN CERTAIN PARAMETERS WITHIN WHICH THEY MUST OPERATE, THEY HAVE BEEN ENCOURAGED TO EXPERIMENT TO DETERMINE WHAT WORKS BEST FOR THEM AND TO SHARE THE RESULTS WITH OTHERS. THEY HAVE BEEN TOLD THAT THE BOTTOM LINE EXPECTATION IS JOB PLACEMENTS AND HAVE BEEN HELD ACCOUNTABLE FOR PRODUCTIVITY AND ACKNOWLEDGED FOR THEIR SUCCESS. RECOGNITION AWARDS FOR HIGH PRODUCTIVITY ARE USED EXTENSIVELY.

### ATTACHMENTS:

- I. SUMMARY TABLES - MAY 1993 MDRC REPORT
- II. GAIN IMPACT REPORT - RIVERSIDE COUNTY
- III. JOB PLACEMENTS AND GRANT TERMINATIONS IN RIVERSIDE COUNTY

TABLE 1  
SUMMARY OF GAIN'S FIRST- AND SECOND-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS  
FOR AFDC-FG (SINGLE PARENTS)

| County                  | Average Total Earnings |               |                 | Average Total AFDC Payments |               |                 | Percentage Change |
|-------------------------|------------------------|---------------|-----------------|-----------------------------|---------------|-----------------|-------------------|
|                         | Experimentals (\$)     | Controls (\$) | Difference (\$) | Experimentals (\$)          | Controls (\$) | Difference (\$) |                   |
| <b>Alameda</b>          |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 1421                   | 1212          | 208             | 6916                        | 7066          | -150            | -2%               |
| Year 2                  | 2132                   | 1608          | 524 *           | 5818                        | 6076          | -260            | -4%               |
| Total                   | 3553                   | 2821          | 733 *           | 12732                       | 13142         | -411            | -3%               |
| <b>Butte</b>            |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 2001                   | 1729          | 272             | 5132                        | 5486          | -353 *          | -6%               |
| Year 2                  | 2896                   | 2442          | 554             | 3715                        | 4048          | -333            | -8%               |
| Total                   | 4897                   | 4171          | 826             | 8848                        | 9534          | -686 *          | -7%               |
| <b>Los Angeles</b>      |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 1304                   | 1308          | -4              | 6875                        | 7203          | -328 **         | -5%               |
| Year 2                  | 1694                   | 1582          | 112             | 5711                        | 6112          | -401 **         | -7%               |
| Total                   | 2998                   | 2890          | 106             | 12586                       | 13315         | -729 **         | -5%               |
| <b>Riverside</b>        |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 2470                   | 1550          | 920 ***         | 4968                        | 5863          | -895 **         | -12%              |
| Year 2                  | 3414                   | 2234          | 1179 ***        | 3461                        | 4162          | -701 **         | -17%              |
| Total                   | 5883                   | 3784          | 2099 ***        | 8429                        | 9825          | -1397 ***       | -14%              |
| <b>San Diego</b>        |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 2462                   | 2113          | 349 **          | 5529                        | 5832          | -302 **         | -5%               |
| Year 2                  | 3503                   | 2794          | 709 ***         | 4199                        | 4879          | -680 ***        | -10%              |
| Total                   | 5965                   | 4906          | 1058 ***        | 9728                        | 10511         | -783 ***        | -7%               |
| <b>Tulare</b>           |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 1792                   | 1941          | -149            | 6363                        | 6231          | 132             | 2%                |
| Year 2                  | 2532                   | 2496          | 34              | 5120                        | 5027          | 94              | 2%                |
| Total                   | 4324                   | 4439          | -115            | 11484                       | 11258         | 226             | 2%                |
| <b>All counties (e)</b> |                        |               |                 |                             |               |                 |                   |
| Year 1                  | 1908                   | 1642          | 266 ***         | 5964                        | 6247          | -283 ***        | -5%               |
| Year 2                  | 2712                   | 2193          | 519 ***         | 4870                        | 5017          | -347 ***        | -7%               |
| Total                   | 4620                   | 3835          | 785 ***         | 10634                       | 11264         | -630 ***        | -6%               |

SOURCE: Table 2.1.

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as ... = 1 percent (the highest level); \*\* = 5 percent; \* = 10 percent.

(e) This estimate is the average of the impacts for each county, which were equally weighted.

TABLE 2  
SUMMARY OF GAIN'S FIRST- AND SECOND-YEAR IMPACTS ON EARNINGS AND AFDC PAYMENTS  
FOR AFDC-Us (HEADS OF TWO-PARENT FAMILIES)

| County                  | Average Total Earnings |               |                 | Percentage Change | Average Total AFDC Payments |               |                 | Percentage Change |
|-------------------------|------------------------|---------------|-----------------|-------------------|-----------------------------|---------------|-----------------|-------------------|
|                         | Experimentals (\$)     | Controls (\$) | Difference (\$) |                   | Experimentals (\$)          | Controls (\$) | Difference (\$) |                   |
| <u>Alameda (a)</u>      |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | --                     | --            | --              | --                | --                          | --            | --              | --                |
| Year 2                  | --                     | --            | --              | --                | --                          | --            | --              | --                |
| Total                   | --                     | --            | --              | --                | --                          | --            | --              | --                |
| <u>Butte</u>            |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 3026                   | 2393          | 633 *           | 26%               | 6523                        | 6749          | -226            | -3%               |
| Year 2                  | 4018                   | 2773          | 1244 ***        | 45%               | 5246                        | 5775          | -529            | -9%               |
| Total                   | 7044                   | 5166          | 1877 **         | 36%               | 11769                       | 12524         | -755            | -6%               |
| <u>Los Angeles</u>      |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 1480                   | 1221          | 259 **          | 21%               | 9442                        | 9871          | -429 ***        | -4%               |
| Year 2                  | 1785                   | 1465          | 320 *           | 22%               | 8333                        | 8826          | -493 ***        | -6%               |
| Total                   | 3266                   | 2687          | 579 **          | 22%               | 17775                       | 18697         | -922 ***        | -5%               |
| <u>Riverside</u>        |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 3891                   | 2930          | 761 ***         | 26%               | 4845                        | 5610          | -765 ***        | -17%              |
| Year 2                  | 4039                   | 3626          | 413 *           | 11%               | 3895                        | 4643          | -749 ***        | -16%              |
| Total                   | 7730                   | 6556          | 1174 **         | 18%               | 8739                        | 10453         | -1714 ***       | -16%              |
| <u>San Diego</u>        |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 3331                   | 3089          | 242             | 8%                | 6790                        | 7301          | -510 ***        | -7%               |
| Year 2                  | 4128                   | 3978          | 150             | 4%                | 5565                        | 6197          | -632 ***        | -10%              |
| Total                   | 7459                   | 7067          | 392             | 6%                | 12356                       | 13498         | -1142 ***       | -8%               |
| <u>Tulare</u>           |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 2987                   | 2981          | 6               | 1%                | 7545                        | 7523          | 23              | 0%                |
| Year 2                  | 3723                   | 3996          | -275            | -7%               | 6316                        | 6261          | 54              | 1%                |
| Total                   | 6709                   | 6959          | -249            | -4%               | 13861                       | 13784         | 77              | 1%                |
| <u>All counties (b)</u> |                        |               |                 |                   |                             |               |                 |                   |
| Year 1                  | 2903                   | 2519          | 384 ***         | 15%               | 7029                        | 7451          | -422 ***        | -6%               |
| Year 2                  | 3539                   | 3188          | 370 **          | 12%               | 5871                        | 6340          | -469 ***        | -7%               |
| Total                   | 6442                   | 5687          | 755 ***         | 13%               | 12900                       | 13791         | -891 ***        | -7%               |

SOURCE: Table 3.1.

NOTES: Dollar averages for each year include zero values for sample members who were not employed or did not receive welfare during that year.

A two-tailed t-test was applied to differences between experimental and control groups. Statistical significance levels are indicated as \*\*\* = 1 percent (the highest level); \*\* = 5 percent; \* = 10 percent.

(a) Because of Alameda's small sample size for AFDC-Us, the estimates of its earnings impact (\$200, or an 18 percent increase over the control group average) and AFDC payments impact (\$180, or a 2 percent increase) are considered much less reliable than those for the other counties; therefore, the Alameda impacts are not included in this table.

(b) This estimate is the average of the impacts for each county (except Alameda), which were equally weighted.



COUNTY OF RIVERSIDE  
DEPARTMENT OF PUBLIC SOCIAL SERVICES  
GAIN IMPACT REPORT - JUNE 1993

|  |     |          |      | CASES OR<br>DOLLARS |
|--|-----|----------|------|---------------------|
| <u>SECTION I. GRANT TERMINATIONS</u>   |     |          |      |                     |
| I.1. CASES TERMINATED THIS MONTH RELATED TO GAIN EMPLOYMENT  |     |          |      | 159                 |
| A. FG  | 96  | B. U     | 63   |                     |
| I.2. SAVINGS ESTIMATED FOR NEXT MONTH FROM CASES IN I.1.   |     |          |      | \$93,487            |
| I.3. TOTAL CASES IN I.1. FOR THE PERIOD  |     | 792 THRU | 6.93 | 1771                |
| I.4. CASES IN I.3. CONTINUOUSLY OFF AID AT END OF REPORT MONTH   |     | 792 THRU | 6.93 | 1409                |
| I.5. SAVINGS ESTIMATED FROM CASES IN I.4.  |     |          |      | \$800,805           |
| I.6. ACCUMULATIVE OFF AID SAVINGS FROM   |     | 792 THRU | 6.93 | \$8,270,365         |
| <u>SECTION II. GRANT REDUCTIONS</u>  |     |          |      |                     |
| II.1A. TOTAL NEW GRANT REDUCTIONS DURING THIS REPORT MONTH<br>(SAME AS GAIN 25, SECTION G, ITEM 1, BLOCKS 230 & 231) |     |          |      | 363                 |
| A. FG  | 244 | B. U     | 119  |                     |
| II.1B. NEW GRANT REDUCTIONS THIS MONTH DUE TO REGISTRANT'S NNE   |     |          |      |                     |
| A. FG  | 239 | B. U     | 115  |                     |
| II.1C. NEW GRANT REDUCTIONS THIS MONTH DUE TO CHANGE OF EMPLOYER   |     |          |      |                     |
| A. FG  | 5   | B. U     | 4    |                     |
| II.2. ACTUAL GRANT REDUCTION SAVINGS FROM TOTAL CASES IN II.1A.  |     |          |      | \$80,049            |
| II.3. ALL REDUCTIONS IN MONTH DUE TO GAIN REGISTRANT EARNINGS  |     |          |      | 1749                |
| II.4. ACTUAL GRANT REDUCTION SAVINGS FROM CASES IN II.3.   |     |          |      | \$535,416           |
| II.5. ACTUAL GRANT REDUCTION SAVINGS FROM  |     | 792 THRU | 6.93 | \$5,873,512         |
| (TOTAL SAVINGS IN II.4. FROM ALL PREVIOUS REPORT MONTHS)   |     |          |      |                     |
| <u>SECTION III. TOTAL SAVINGS</u>  |     |          |      |                     |
| III.1. TOTAL REPORT MONTH SAVINGS (I.5. PLUS II.4.)  |     |          |      | \$1,336,221         |
| III.2. TOTAL SAVINGS (I.6. PLUS II.5) FROM   |     | 792 THRU | 6.93 | \$14,143,877        |

## AN OVERVIEW OF RIVERSIDE COUNTY GAIN JOB PLACEMENTS AND GRANT TERMINATIONS

\*\*\*\*\*

DURING THE PERIOD JULY 1992 THROUGH JUNE 1993, RIVERSIDE COUNTY'S  
GAIN EXPENDITURES WERE \$7,975,814. DURING THIS PERIOD, THERE WERE

5,629 GAIN JOB PLACEMENTS AT A COST OF \$1,417 PER PLACEMENT

1,771 GAIN AFDC GRANT TERMINATIONS AT A COST OF \$4,504 PER  
TERMINATION

\*\*\*\*\*

AS A RESULT OF AN IN-DEPTH REVIEW OF ALL GAIN JOB PLACEMENTS IN TWO  
CONSECUTIVE MONTHS THOUGHT TO BE TYPICAL DURING THIS PERIOD, IT WAS  
FOUND THAT:

AFDC TERMINATION OCCURRED WITHIN THREE MONTHS OF JOB  
PLACEMENT FOR 27% OF THE CASES

AFDC TERMINATION OCCURRED WITHIN TWELVE MONTHS OF JOB  
PLACEMENT FOR 58% OF THE CASES

\*\*\*\*\*

AS A RESULT OF AN IN-DEPTH REVIEW OF ALL GAIN AFDC TERMINATIONS IN  
TWO CONSECUTIVE MONTHS THOUGHT TO BE TYPICAL DURING THIS PERIOD, IT  
WAS FOUND THAT:

TWELVE MONTHS AFTER AFDC TERMINATION, 70% OF THE TERMINATED  
CASES REMAINED OFF AID

\*\*\*\*\*

Chairman FORD. Thank you very much.

Let me thank each one of the panelists. I have a few questions for you, and I will come back to you, Mr. Townsend, in just a few minutes.

Ms. Moore, let me thank you, coming from my home State of Tennessee, from the capital city of Tennessee. Earlier, Mary Jo Bane of Health and Human Services testified before the subcommittee that State welfare agencies that rely heavily on existing education and training services, such as JTPA, for the JOBS program have not been as successful in changing the culture of welfare.

The question that I have is, when a family walks into an AFDC office in Tennessee, is the emphasis on establishing eligibility, or is the emphasis placed on helping the family avoid welfare or become self-sufficient of the welfare system itself? Has contracting so much of the JOBS program to JTPA made it more difficult in Tennessee to change the culture of welfare?

Ms. MOORE. Mr. Chairman, as I mentioned, I think an area where at least our State has failed, partly because we did not have the resources to hire a lot of new case managers for the JOBS program and the decision was made to contract this program out, I don't think that we focus enough when a person walks in our office on getting them off welfare.

Certainly, because the Federal laws and rules that govern the AFDC program and the food stamp programs, we have generic workers in Tennessee who do food stamps, AFDC, and Medicaid eligibility. That whole system is very much driven by error rates at the Federal level. The eligibility process is very complex. It needs to be greatly simplified.

The rules for these programs need to be consolidated in such a way so that States can take and spend more time with people when they walk in the door, whether it be an AFDC recipient or a food stamp recipient, and to spend more time with them to talk to them about their responsibilities, as is done in Riverside, Calif., to focus on their responsibilities to support their children and to provide some of that case management that is so desperately needed.

The fact that we contract with JTPA and with other entities in Tennessee has had some very positive effects, in that these individuals go through training programs and education programs and they are basically intermingled with the general population. They are mainstreamed into training programs.

If someone goes to State Tech Institute in Memphis, for instance, to work on a GED prior to going into training, they are going to college. They may be in a GED program, but they are very proud of the fact—

Chairman FORD. But Tennessee only drew down 15 percent of its share of the Federal funds in 1991 and about 30 percent in 1992. You have already mentioned that we are a very poor State, but there are other Southern, poor States.

What factors explain the small appropriation for JOBS made by the Tennessee legislature?

Ms. MOORE. I think the same thing that was mentioned earlier, by one of the earlier panelists. In Tennessee, the need for funds for education, the need for funds for the Medicaid program, for prison

systems have outweighed and have been focused on more than on the welfare system. We have one of the lowest grants in the system.

This year, for the first time, we in the Department of Human Services received the second largest increase in the Governor's budget, next to education, and that was for improvements in the AFDC program, to increase our standard of need, to allow more people to come onto the AFDC program. While we are not increasing our grant, we are expanding the number of people who can benefit.

It also provided a substantial number of new child care dollars to help welfare recipients and low-income working poor, and it also increased our JOBS dollars by 72 percent.

So this next year, we expect to have about 65 percent of our Federal JOBS dollars drawn down.

Chairman FORD. From 30 percent in 1992?

Ms. MOORE. Yes.

Chairman FORD. Welfare families in Tennessee, I understand, are much more likely than families in other States to receive public housing assistance. How does this affect your efforts to encourage and support work among welfare families?

Ms. MOORE. Mr. Chairman, about, I believe, 30 percent of our AFDC population lives in public housing, and probably around 45 to 48 percent live in some sort of subsidized housing.

We have tried to focus our JOBS program, not only as some others mentioned on teen parents, but also on public housing developments. In all of our 4 major urban areas and in other larger urban areas, we have pilot programs running in housing developments cooperatively with the public housing agencies, trying to address those people that live specifically in those developments.

It is very difficult, because as the panelist from Hawaii mentioned, many of our AFDC recipients face substantial barriers. There is a lot of family domestic violence, there is a lot of drug abuse, there is a lot of dysfunction among these families that creates substantial barriers to being able to move them directly into the work force. It is not as easy as one might think to tell an AFDC mother that she has to go out and get a job.

Many times, we have to try to address some of the same things that he mentioned, and we are trying to incorporate some family counseling and drug and alcohol treatment programs and some of those programs, especially in the programs that we are running in public housing agencies.

Chairman FORD. I want to make sure that we have a distinction here, Ms. Moore, when we talk about the violence, crime, and the drug problems. You are not suggesting that this is a welfare problem, are you?

Ms. MOORE. No, I am not. It is a societal problem.

Chairman FORD. You are not suggesting that the welfare population is—

Ms. MOORE. No, I am not suggesting that. I am suggesting that, just like the rest of the population, this population also faces some of those same problems.

Chairman FORD. I am the first to admit that they are confronted with it more often than many other citizens because they live in



the rat-infested shacks that are unfit for human habitation throughout America. But even in the demonstration program that I have underway in my own hometown, I don't find any evidence to suggest that the welfare population is inflicting the violence upon others and having a pride of ownership on any of the drug problems in the community. They happen to be inflicted because they live in it.

Ms. MOORE. That is right.

Chairman FORD. Oftentimes, you find that their children are caught up into these situations because they have not been exposed to any other type of culture, other than that which they see and which they are a part of every day.

The two largest public housing units in our State happen to be the two that I am speaking of, and they are only 4 blocks from Riverside Drive, which is on the banks of the muddy Mississippi River. Kids the age of 13 and 14 have never seen the river, 4 blocks away. They have only seen those things that take place in the community.

No businesses are in the community, in the 17-square-block area. There are absolutely no businesses, but 20 years ago it was like downtown. There are no jobs in the area, period. What is in the area are drug problems, but by no means should anyone suggest that it is the welfare population that is—

Ms. MOORE. I am not suggesting that, Mr. Chairman. I am saying that these are factors that we have to take into account when serving this population, because as you mentioned, like the general population, they are going to suffer some of these problems and it is something we can't ignore.

Chairman FORD. Let me move on. Mr. Townsend, your program emphasizes labor force involvement. Do you consider it a win if an individual on welfare begins to work while on welfare?

Mr. TOWNSEND. Yes, because we believe that there is pride, there is development. You are developing employment skills, you are developing a resume. You are out there with people who are on a growth curve, and you are associating with people who are self-sufficient. We think those are all good factors to expose our clients to, and it is ultimately beneficial for them.

Chairman FORD. What would be the limitations on your JOBS approach in an urban district with high unemployment? Would it be successful? Your program strongly emphasizes immediate job placement.

Mr. TOWNSEND. That is right.

Chairman FORD. I am wondering what happens in an urban setting when the jobs are scarce, what I have really just described to Ms. Moore in talking about an area right in my own hometown.

Mr. TOWNSEND. I believe that we have areas in our county which we can call urban. Our unemployment rate has been 50 percent higher than in Los Angeles County, who many describe as having difficulties. We have run the program all the way up to 15 percent unemployment. Right now, it is 10.8 percent. That is a challenge, and yet we are finding jobs.

There is always jobs turnover, and it really concerns me when we have a high unemployment rate and I am seeing "help wanted"



signs in the windows. I turn them in myself every week. They are available. Jobs are always available.

Chairman FORD. But what role does education and training play in your program, given that so many JOBS participants are involved in education and training in Riverside County?

Mr. TOWNSEND. We run into many clients that have been through many federally subsidized training programs who have never gotten a job. They have been trained in I don't know how many different occupations, and we tell them, welcome to the work force. We believe in education. We believe that training is good for people, provided that it actually results in something.

But a person has to be cooperating with us in fact. If they are going to education in our county, they had better attend or have a very good reason why not. If they are attending and they are not getting any results, then we find out with the school, is there a particular problem that we need to address? If it is attitude, we say to them, welcome to the work force.

We have to make some progress in education. Sending them there and sitting them on a seat is not the answer. We insist on progress. We insist on results. When that is not forthcoming, it is time in fairness to the taxpayers, the opportunity for the recipients to support themselves.

Chairman FORD. What about training and offering skills for the wages that would be above the minimum wage? I am making reference to the \$8, \$9, \$10 an hour jobs.

Mr. TOWNSEND. We place many of our clients in \$10, \$12 jobs.

Chairman FORD. Is that right?

Mr. TOWNSEND. Yes. Our average is \$5.80.

Chairman FORD. Are they successful once they are placed in these jobs?

Mr. TOWNSEND. It is absolutely incredible when the clients come back to us. See, this is just the beginning of the story. You get the foot in the door and we tell them, you work hard, and you do good product on time, and they are going to be dependent on you. Then they are going to be afraid they are going to lose you, so they are going to give you a pay increase, or they will give you more responsibilities if they can count on you.

And they come back and bring a picture of the whole unit they are supervising. Their chests are sticking out. Their chins are out. They are happy. The counselors are the ones that are the most significant person to show their progress to. They have never gotten that anywhere else.

Chairman FORD. Are they former welfare recipients?

Mr. TOWNSEND. Oh, yes.

Chairman FORD. They couldn't be.

Mr. TOWNSEND. Oh yes. Welfare recipients are some of our best employees we have ever had, too. We take them in our own business, in our own organization, because they have a lot of abilities. If you groom them, you invest in them, you give them mentoring and give them feedback of what is good and what is not so good, most people want to do a good job.

Chairman FORD. From what I have heard in testimony and from different ones who have introduced their bills, is that you have not described the welfare population, or some members of the welfare

population. It just doesn't sound right, that people can go in and earn wages over \$9 an hour and really be successful in those jobs. They start at \$4.50 an hour and work themselves up?

Mr. TOWNSEND. Some start at minimum wage, and that is just a beginning. Later on, when we make the job placement, about 27 percent of them get off welfare immediately. Six months later, that is moved to 58 percent of those that got that job placement. It doubles, and it is because they progress on the job. They do have abilities, and some of them have no idea of what they can really do in life.

Chairman FORD. When they make about \$9, \$10, or \$11 an hour, they usually come off of AFDC?

Mr. TOWNSEND. That depends on the size of their family.

Chairman FORD. The average size of a family is three or three-and-a-half, so when you look at the poverty threshold, \$10 an hour, oftentimes that would bring one—

Mr. TOWNSEND. Quite often, that would do it, but also, some of these jobs lead to other jobs. They get a recommendation. We say, even if this job isn't what you really want—

Chairman FORD. Do you foresee, like someone indicated on an earlier panel, that the group of people sweeping leaves in the neighborhood community park would have opportunities to move on to other jobs from there?

Mr. TOWNSEND. If you build a good resume—we found that employees want to know a couple of things. Can I count on you? Will you be reliable? Will you show up, and will you not be doing sick leave and Workmans' Comp problems with me? If you do those things—

Chairman FORD. You don't have to be on welfare for the employer to look for that. That is usually what all of us would want out of our employees.

Mr. TOWNSEND. You don't have to have a great gift of previous skills. A lot of the employers want to start with somebody that they can shape, mold, and give some instruction to themselves on the job. But what they want is somebody that will be reliable and listen to the instruction and be there when they need them.

Chairman FORD. Mr. Kemp, it is so rare these days to hear about children on welfare, who make up two-thirds of all the recipients. Hawaii has made children a priority by developing a two-generational strategy for welfare reform. Let me just ask you a couple of questions.

If we expect many more welfare parents to participate in work-related activities, yet fail to address underlying family problems like abuse and family instability, to what extent will we be working in the best interest of the children on welfare, and what outcomes should we expect in situations like this?

Mr. KEMP. I think what we found in our program is that many of the adults that are in our JOBS program were abused as children, and that while they are on AFDC, we find that they also have abused their own children. So you see generation-to-generation patterns of adults who were abused as children also abuse when they become adults. So it is a perpetuating pattern.

The other factor that enters into it is that an individual who has had a history of abuse tends to have an extremely poor self-image.

When you were asking Mr. Townsend about some people don't always present as a positive employee or as a positive participant in a program like JOBS, it is our belief that many of these problems that they have faced over the years are responsible for a lot of that, because they don't have good self-image.

We ourselves have a very strong customer service kind of approach to the way we do things. In the course of trying to address these problems, underlying family problems, you have to motivate people to want to be successful. That is a very big key, I think.

So in answer to your question, if we leave these problems unaddressed, I think what you are going to see is continuing patterns of families continuing to break down. If you look across America today, beginning in the early 1970s, under the social services block grant under title XX, there was a very sharp departure away from the general social services model in this country to support families, and we focused more on child welfare and preventing abuse of children in this Nation.

Twenty-one years later, we are returning to it under IV-B with a special emphasis on family support. It is our belief that that is no coincidence. That is a gap. That is a 21-year gap in this Nation, where there have not been comprehensive social services for the poor.

Under the JOBS program, we feel that it is critical to address these issues if we expect them to focus on their education, focus on their training, be good students, and be good employees. We think it is critical.

Chairman FORD. So the Family Support Act of 1988 was not a bad reform bill for the welfare program, is that correct?

Mr. KEMP. We believe it is very good legislation. It has tremendous flexibility. As you can see, I think on this panel alone, we have some very different approaches in our jurisdictions. I think that is as it should be. I think each community embraces the Family Support Act in a slightly different way, but I think we all have the goal of wanting our families to be self-sufficient, to get off AFDC, and to work. I don't think there is anybody here who—

Chairman FORD. But social services are needed.

Mr. KEMP. Absolutely.

Chairman FORD. There are times that I talk about welfare reform and I say we ought to take the welfare policies today and replace them with a jobs program, but you are telling me that wouldn't work. The social services aspect of it is very critical for the poor and the downtrodden in this country, is that correct?

Mr. KEMP. Yes, we see it as being a combined effort. It is sequential. The first thing you have to do, like any of us, if we are distracted by problems that we have, it is very difficult for us to focus on other things around us. It is no different for the poor.

All we are saying, I think, is that it is a critical piece to the puzzle of success. If you don't feel good about yourself, if you don't have dreams of what you can do, what you are capable of, if you are not confident, you are not going to do as well. So you need that, we think, in combination with broad educational opportunities and training opportunities.

Out of that will come, as I think the lady from North Carolina mentioned, individualized success, based on what those individuals



are capable of. Everybody is not going to be a nuclear physicist, everyone is not going to be a truckdriver. People are going to aspire to what they are capable of, and I think that is important. To me, that is very important.

Chairman FORD. If you provide high-skills training at a level that links to \$9 and \$10 an hour jobs, Mr. Townsend, do you find nonwelfare recipients wanting to quit their jobs and get on welfare so they can come into your program or get some of those good jobs that you are placing people in?

Mr. TOWNSEND. Regarding your latter comment, we have, unfortunately, found some people getting on welfare just so they can participate in our successful job placement module. But we have found that——

Chairman FORD. You don't accept nonwelfare recipients into the program?

Mr. TOWNSEND. We only serve AFDC clients, but we have found a few cases where they have gotten on AFDC just so they could get a job with us.

Chairman FORD. Were they working prior——

Mr. TOWNSEND. The word has gotten out that we can get them into employment, period.

Chairman FORD. Were they working prior to that? Did they quit a job to come into the program?

Mr. TOWNSEND. They had lost a job, couldn't find one, but went on welfare rather deliberately, probably sooner than they would have had to.

Chairman FORD. But you didn't find any evidence that they quit a \$5 an hour job to enter into your program, is that right?

Mr. TOWNSEND. Not necessarily. It could happen, but not necessarily. We find that there is a full spectrum of abilities among our clients, just like there is in the general population in the United States. Again, we think all work is honorable, and some will go into lower-paying jobs and some will make rapid advancement into an organization and a higher paid status.

Chairman FORD. Thank you very much. I thank each panelist.

I am going to call our third panel: Barbara Paulin, the director of the Division of Child Support Enforcement for the Delaware Department of Health and Social Services; Gordon Berlin, senior vice president of Manpower Demonstration Research Corp. of New York; Margaret Campbell Haynes, attorney and director of the Child Support Project, the Center on Children and the Law of the American Bar Association; and also Robert Williams, president of Policy Studies, Inc., in Denver, Colo.

Let me welcome you. I want to apologize for having you wait like this all day, but there are times when it is difficult to move right through everything. Let me thank each one of the panelists for coming, and thank you in advance for the testimony that you are going to give before this committee. Hopefully, you will stay to entertain a few questions.

I will recognize you starting with Ms. Paulin.

**STATEMENT OF BARBARA A. PAULIN, DIRECTOR, DIVISION OF  
CHILD SUPPORT ENFORCEMENT, DELAWARE DEPARTMENT  
OF HEALTH AND SOCIAL SERVICES**

Ms. PAULIN. Good afternoon. My name is Barbara Paulin. I am the director of the child support enforcement program for the State of Delaware.

Mr. Chairman and honorable members of the committee, I am pleased to have been invited to address you on this important occasion. I think the fact that there is a child support panel here today certainly witnesses what I believe is a very critical element of welfare reform, and that is the recognition that both parents have a responsibility and an obligation for the care and support of their children. In that regard, the child support plays a very critical role in moving us to a better state of welfare reform. I applaud you for that decision.

It has frequently been said and probably will be repeated here today that the child support program is not working in this country, and in fact, that it is the major reason why we are not able to make a lot of gains in the welfare system.

One of the things I would like to convey to you today is a sense that that is not true at many levels in many States. Delaware is unique in some instances because it is a small State, but it is not unique in terms of the fact that it has large caseloads and it faces the same challenges as some of my larger sister and brother States.

What I thought I would do today for the committee would be to share with you Delaware's experience, recognizing that that is one State's perspective, but with the hope that it would give you some indication that the provisions as mandated by the Family Support Act have been very valuable tools for States and have been used very effectively in many ways across the country to improve the child support enforcement system. I would encourage you on the committee to talk to other child support directors as you deliberate these issues.

I will move very quickly through the major provisions, with an idea of giving you some sense of how we have moved in terms of implementing those provisions, but first let me put my remark in some context.

I said that Delaware is a very small State. Our population is about 700,000 people. Our caseload breaks down roughly into about 39,000 non-IV-D cases. Those are the cases that are served by my agency. Sixty percent of the cases are not receiving AFDC. I think that is a significant indication in our State, and I will talk about why that is later in my testimony. Thirty-nine percent of the cases we serve, in fact, do receive AFDC.

The agency is very small, 137 positions for a budget of slightly over \$6 million. That includes Federal funds as well as State funds. We collected \$33 million in 1993. That is compared to \$12.5 million in 1985. I think it demonstrates that with the correct infrastructures, with some strong legislative mandates, and with a staffing compliment that is committed to moving the program forward, we can see significant accomplishments in this program, and I think that has been demonstrated across this country.

The first provision I would like to talk about is that of immediate wage withholding. Delaware approached this provision in two



phases. The first phase dealt with a category of cases that we call the IV-D cases. Those are the cases that are served by our agency. In that regard, we passed legislation to deal with that group in the first phase of our implementation.

We believe that wage withholding is a very effective tool in terms of enforcing child support. About 47 percent of the collections in our State come through wage withholding. As of May 1993, we saw about 19,000 of our cases, in fact, had existing wage withholding orders.

Since the Family Support Act was implemented, we have increased the wage withholding orders by 79 percent. That is, between 1990 and 1993, we have effectively increased the number of wage withholding orders in our State by over 79 percent. I think that is significant and it speaks very clearly to the fact that this provision of the Family Support Act is a very, very effective remedy and it can serve States very well in that regard.

The second phase had to do with the implementation of those cases that we call non-IV-D cases, those cases that are handled by private attorneys that don't necessarily come through the public agencies like ours. We implemented that as phase two. In fact, the legislation around that was passed last year in June, and the law became effective in January 1994. We have moved very aggressively in implementing the provisions of that legislation because we see that there is a great potential in terms of improving wage withholding.

There is one aspect of this provision I would like to speak to with regard to how the regulations issued by the Office of Child Support Enforcement have interpreted the requirements under that provision, and that has to do with the need for the establishment of a State agency to monitor and track compliance with non-IV-D payments.

I would be remiss as a child support director if I didn't tell you, sir, and the committee, that many of these demands that are imposed on States without their ability of Federal funding impede our ability to move forward with the program. Although our State is very small, there are a number of States with very large caseloads, and when you implement these mandates such as this one, States are left in a position of either not meeting the mandate and running the risk of failing an audit or trying to comply with a mandate using State dollars.

In this instance, the Child Support Council of Directors has looked at that single provision and has estimated that it will cost the State about \$10 to open each case and about an annual cost of \$200 per case simply to monitor and track the payment on these cases. In Delaware alone, we are expecting that this cost will be \$37,000 additional. These are funds that are not matched at the Federal level. I would ask the committee and the Office of Child Support Enforcement to reconsider that requirement.

Another provision related to immediate wage withholding and the timely processing of payments has to do with something we call the \$50 disregard. Without getting into a lot of details, it was envisioned that by giving AFDC clients some share of child support payments, that we would, in doing so, encourage those clients to cooperate with the child support agency. I think most States have

found this not to be very effective and that it is very costly to administer.

It is particularly difficult to administer in those instances where payments are being made by another State or payments are coming through an employer where the information that is needed to distribute the money timely does not appear on the wage withholding check. Again, it is another one of those procedural issues. I think that it has some merit in terms of providing additional income to the AFDC family, but the burden on the child support agency, I don't think, warrants the cost at this point.

Another provision has to do with the establishment of guidelines. Prior to the passage of the Family Support Act, many States established child support orders without the value of guidelines. Again, Delaware was a leader in that regard. We have had guidelines since 1979. They are commonly called the Melson Formula, after Judge Melson. They have been used in a number of States and they have been very, very effective in terms of setting child support orders that are fair, consistent, and equitable. We think that is very important in improving the child support program.

A major, major change of the Family Support Act had to do with an issue regarding review and adjustment of child support awards. Many of you might know that child support awards frequently are set when the child is very, very young, and in many instances, those awards are not adjusted until the child is long out of high school, perhaps 18 years of age before there is any change in that order. Any of you who are raising children know that the cost of raising a child certainly changes over that period of time.

One of the very positive aspects of the Family Support Act, from my perspective, is the fact that it allowed States to look at review and adjustment in a more serious way. In fact, it mandated that States periodically examine the child support orders with an eye toward determining whether the circumstances in the families have changed significant enough to warrant those orders to be adjusted, that is, upward or downward.

Delaware decided that we could use it as an opportunity to get ahead of some of the Federal mandates, and we joined four other States in getting a Federal demonstration grant which we use to establish some procedures and processes for reviewing modification. There is a report available on the findings from that project, and I won't belabor it here, but I would like to point out a couple of things regarding that.

The other States involved, by the way, were Colorado, Florida, and Illinois. Delaware was the only State among those that implemented review and modification in the demonstration project on a Statewide basis, and we did that for a number of reasons.

We wanted to test a lot of the issues floating out there about what this would mean in terms of additional workload for the court. One of the things that we found was that a large percentage of the cases that were old enough to meet the requirement for review and modification, in fact, did not end up in family court. About 60 percent of the cases never went to court for review and modification.

One of the major reasons for that had to do with the fact that, in many instances, the children had already reached the age of 18,

but the most significant reason, surprisingly enough, was the fact that in non-AFDC cases, many of the families opted not to have their child support award reviewed, even in the face of the fact that the award might, in fact, increase substantially.

I would encourage the committee to review the findings from that 2-year demonstration project. I would also encourage the committee to consider further such demonstrations as you deliberate the issues of welfare reform. I believe these demonstration projects provide valuable data that could be useful in terms of moving forward with these initiatives.

I think we benefitted in a number of ways. We benefitted because we learned a lot about things that we thought we knew things about, but we did not, in fact, know about. I think the thing that we benefitted most significantly is the fact that we are far ahead of the game in terms of meeting the Federal mandate with regard to reviewing AFDC cases.

There was a Federal mandate to have substantially reviewed your AFDC caseload by 1993, and as a result of this demonstration project, Delaware has reviewed the majority of the cases that are eligible. Under the project, we selected about 5,000 cases. We have selected about 7,000 since then, and about 13,000 of those, in fact, have been selected altogether.

Many of the orders went up in terms of the amount of the order. A few went down. The compliance rate did not drop, as some would have expected. In fact, the compliance rate increased, and the net result was that there were increases in collections. It is a very time-consuming process. It is cost effective. I think that in examining it in terms of its future application, one would want to consider probably targeting it to those instances in which there is the greatest potential for benefit. It is a valuable tool, and I think it was very critical that it be included among the Family Support Act provisions.

Another provision of the Family Support Act has to do with paternity establishment. Paternity establishment is the very first step in establishing child support orders and, in fact, collecting child support. Many of the cases we are talking about here today, the welfare cases, are cases in which children are born out of wedlock and for which paternity has not been established.

In many States, Delaware included, that process is very lengthy and time consuming. It requires an appearance in court, and in many instances, repeat appearances in court.

We believe that we have accomplished a lot of things in the area of paternity establishment and we have a number of things planned. In Delaware, our paternity establishment rate in 1992 was 73 percent. In 1993, it was slightly less than that, about 72 percent. According to, I think, the most recent report out of Congress, the national average is about 43 percent.

We are envisioning some changes in the program consistent with what the Family Support Act suggested and, in fact, what OBRA mandates. One of the major provisions of OBRA is the fact that States are going to be required to implement laws that will streamline the process of paternity. What that means, very simply, is a State will have to have on the books some laws that will allow the



parties to acknowledge paternity in a simple affidavit process, as opposed to having to go to court and adjudicate it in a court of law.

Another aspect of that law has to do with inhospital paternity, and Delaware plans to include those provisions in its law as well. Under those provisions, the father would be able to acknowledge paternity through an affidavit at birth in the hospital without the need to go to court. Our plan is to work closely with the Bureau of Vital Statistics and the hospitals to set up an inhospital paternity project. My hope is that we will further improve our performance in that area. Between 1990 and 1993, we have seen our paternity establishment rate increase by 97.4 percent in our State.

Further, there were requirements in the Family Support Act that had to do with procedures. While procedures may not be viewed as the glitzy kinds of things you want to talk about in welfare reform, I think they are very important as we deliberate how to shape and reshape the welfare reform system, particularly as it relates to child support.

Many States are faced with meeting established time frames. There are a number of time frames that were set forth in terms of how fast these cases need to move. I applaud those time frames. I believe there need to be yardsticks against which States need to be measured, but I would encourage you to look at those time frames in the context of growing caseloads and the lack of resources that currently exist at the State level.

I would further encourage you and the Office of Child Support Enforcement to look very carefully at the possibility of looking at caseload studies. There has been a lot of discussion around what are acceptable caseloads. When we talk about 200 and 300 cases per worker on the AFDC side, I would remind you that on the child support side, the AFDC caseloads run about 1,200 cases per worker in our State, and that is probably pretty true in many of the other States as well. It is impossible to do the job we are faced with doing with the kinds of caseloads and the lack of resources that we are experiencing in this program.

The issue of automation is one that comes up every time we talk about improving the child support enforcement system.

Chairman FORD. Ms. Paulin, I am going to have to cut you off. It has been 15 minutes. We want to hear——

Ms. PAULIN. They didn't put the light on. I am sorry, I missed it.

Chairman FORD. As chairman——

Ms. PAULIN. I am sorry, Mr. Chairman.

Chairman FORD. I will come back to you in 1 minute, but I want to go on to the others on the panel.

Ms. PAULIN. Definitely, I apologize profusely. I didn't see it.

[The prepared statement follows:]



## DELAWARE HEALTH AND SOCIAL SERVICES CHILD SUPPORT ENFORCEMENT

Thomas Carper, Governor

Carmen R. Nazario, Secretary

Barbara Paulin, Director

Testimony for the  
Subcommittee on Human Resources  
Committee on Ways and Means  
U. S. House of Representatives

Provided by  
Barbara A. Paulin,  
Delaware Division of Child Support Enforcement  
Delaware Department of Health and Social Services  
March 15, 1994

Mr. Chairman, honorable members of the Subcommittee, I am pleased to have been invited to address you at these important hearings and to give you Delaware's perspective on the Family Support Act of 1988. Delaware has moved aggressively to implement the Child Support provisions of the Family Support Act of 1988. I believe that this Act has had great significance for the child support program and more importantly promotes self sufficiency for families.

To put my testimony in perspective let me provide some background information. Delaware is a small state with a population of approximately 700,000 people. The caseload breaks down as follows:

Table 1 - Delaware's Caseload

| Case Type        | Number of Cases | Percentage |
|------------------|-----------------|------------|
| AFDC Cases       | 15,513          | 39.1 %     |
| Non AFDC Cases   | 24,139          | 60.9 %     |
| Total IV-D Cases | 39,652          | 100 %      |
| Non IV-D Cases   | 3,310           |            |
| Total Cases      | 42,962          |            |

The IV-D agency has 137 positions and an annual budget of \$6,062,000 in State Fiscal Year (SFY) 1994. Collections for SFY 1993 were \$33.3 million. Collections have risen by at least ten percent in each year since 1985.

For each child support related provision of the Family Support Act, I will provide information on what has been done in Delaware to implement that provision. I will also provide, where possible, figures to quantify our results.



## FAMILY SUPPORT ACT OF 1988 - Subtitle A - Child Support

### *Section 101: Immediate Wage Withholding*

Currently 47% of Delaware's collections are made through wage withholding. It is by far our most effective enforcement tool. As of May 1993, over 19,000 cases had existing or prior wage withholding provisions. Table 2 contains wage withholding data for those state fiscal years after the passage of the Family Support Act.

Table 2 - Wage Attachments

| State Fiscal Year | No. of Wage Attachments | % Increase over 1990 |
|-------------------|-------------------------|----------------------|
| 1990              | 4,090                   | N/A                  |
| 1991              | 6,913                   | 69.0%                |
| 1992              | 7,157                   | 75.0%                |
| 1993              | 7,341                   | 79.5%                |

Delaware implemented the provisions for immediate wage withholding in two phases. The first phase involved immediate wage withholding for IV-D cases. On July 18, 1990, Michael Castle, then Governor of Delaware, signed into law an Immediate Wage Withholding Bill that applied to IV-D cases. The law requires the Delaware Family Court to automatically attach the income of the non custodial parent, except where one of the parties demonstrates, and the Court finds, good cause not to require immediate wage withholding, or in the case where there is a written agreement between both parties which provides for an alternative arrangement. This law was implemented November 1, 1990. In January 1992, the Office of Child Support Enforcement for Region III conducted an on-site assessment of the effectiveness of Delaware's immediate wage withholding process. The findings, issued in September 1992, revealed that Delaware was meeting most of the Federal Requirements for implementing immediate withholding in new and modified child support orders. Several recommendations were made to improve the immediate wage withholding process. The Delaware Division of Child Support and the Delaware Family Court developed and implemented corrective action to address the recommendations made in the Region III report.

Immediate Wage Withholding for Non-IV-D cases was required under legislation passed by the Delaware Legislature in June of 1993. This law, which became effective January 1, 1994, requires immediate wage withholding for all new and modified Non IV-D child support orders. The Delaware Family Court has implemented the provisions of this law by incorporating an immediate wage withholding order into all new or modified child support orders regardless of whether or not payments are in arrears. The court may not order immediate wage withholding for the following reasons:

- 1.) The Court finds that there is good cause not to require immediate withholding and provides a written determination explaining why it would not be in the best interest of the child.
- 2.) There is proof of timely payment of previously ordered support in cases involving modification of support orders.
- 3.) A written agreement is reached and signed by both parties which provides an alternative arrangement. The Court will accept an arrangement which provides for other automatic payment (such as a military allotment).

Prior to the implementation of the new law, Family Court orders for child support contained a provision for a wage attachment, but the provision was routinely stayed and not activated unless the Court received a Verified Notice alleging that the payer was seven or more days late with a payment.

The regulations for this section of the Family Support Act require that Non IV-D wage withholdings be routed through a public agency. This creates an additional burden for the state agency, particularly if that agency is the IV-D agency. This regulation imposes an additional workload on the IV-D agency while precluding the possibility of Federal Financial Participation (FFP). The National Council of State Child Support Enforcement Administrators (NCSCSEA) has examined this issue in detail. Mr. Jerry Fay, IV-D Director for the State of Massachusetts conducted a detailed analysis which concluded that administration of Non-IV-D wage withholding will cost states \$10.00 to open each case with an annual price of \$200.00 per case thereafter. In Delaware I estimate the costs of implementing Non-IV-D wage withholding to be just under \$37,000 per year. **I believe that IV-D agencies should be reimbursed for expenditures related to complying with federal mandates. I urge the Subcommittee to consider this issue.**

It is my belief that the impact of wage withholding will be further enhanced by the use of Electronic Funds Transfer (EFT). The electronic deposit of the payment will accelerate receipt of the payments. In this regard, Delaware has begun a pilot project with a major local employer, Scott Paper. For each pay period the company deposits into our agency bank account the child support monies that are being withheld from their employees. We receive a hard copy listing of the amounts paid and the name of the employee who should be credited. **I recommend that the Subcommittee examine the effectiveness of utilizing EFT more extensively in complying with this provision of the Act.**

#### *Section 102: Disregard Payments Made Applicable to Timely Child Support Payments*

The first \$50 of a child support payment on AFDC cases for the month in which it is due and received is disregarded and sent to the custodial parent. There have been some problems in this regard. The first \$50 of payments for prior months received in the month, if made by the absent parent in the month when due, is disregarded when DCSE is aware that the payments were made in the month due. The difficulty occurs when other states send payments collected in prior months or employers send payments which were due and deducted from wages in the prior months, and the dates collected and deducted are omitted. **While I support the need to ensure full payment on child support cases, this provision has been difficult to implement and exposes states to potential audit exceptions. The potential benefits to clients are marginal. I recommend that it be reexamine.**

#### *Section 103: State Guidelines for Child Support Award Amounts*

Delaware was the first state to develop and implement a formula or guideline for determining child support awards. The Delaware Child Support Formula, better known as the Melson Formula after its creator, Judge Elwood Melson, was developed and implemented in 1979. The child support award which is yielded by the guideline does create a rebuttable presumption that the amount of the award determined by the guideline is correct.

Delaware's Guideline has been used as a model by a number of other states. In March of 1991, Delaware became the first state to make its guideline an integral part of its automated system for child support enforcement.

Delaware's guideline is reviewed and updated as necessary on a four year cycle in accordance with the terms of the Family Support Act. The guideline was last revised effective April 1990. The next review mandated by the cycle began in September 1993. A recommendation from the panel charged with this task is expected in the next few weeks.

One of the major changes required by the Family Support Act of 1988 was that requiring states to review and adjust child support orders on a cyclical basis. Delaware, along with Colorado, Florida, and Illinois were awarded federal grants to conduct demonstration projects to test and evaluate procedures for reviewing child support awards. Delaware was designated as the lead state for the purpose of the evaluation. The projects were conducted between

October of 1989 and the end of September 1991. The Delaware project was the only one of the four to be conducted on a statewide basis. In order to ensure a steady flow of cases, Delaware opted to randomly select cases and refer them to the staff of the unit that reviewed and adjusted cases. Over 5,700 cases were selected for review which constituted between 40% and 50% of all eligible cases at the time. In Delaware Court orders are established and modified through processes which occur at Family Court. Prior to filing petitions for modification, cases were screened for appropriateness. During the screening phase the notice required by the Family Support Act were sent as appropriate. For those cases involving Non-AFDC clients, letters were sent to the client asking whether or not they wanted their case to be reviewed. Over 60% of cases selected for review did not reach the stage at which a petition was filed. Some of the most common reasons for cases to drop out of the process were as follows:

- The youngest child on the order was at or near the age of emancipation.
- The review was not authorized by the custodial parent (Non-AFDC)
- The order was not modifiable in Delaware
- The obligor had an existing unexecuted capias
- A modification was already in progress

Petitions were filed on just over 30% of cases. In order to help streamline the process, the Delaware Family Court permitted the Delaware Division of Child Support Enforcement to file petitions based on the age of the order. This meant that the allegation made on the petition was that it had been more than two and a half years since the guidelines were last applied on the case, and the prayer for relief was that the order be reviewed and adjusted as appropriate.

Once a case reached the Delaware Family Court, it was channeled through the Mediation Process. In Mediation, the parties attempt to reach agreement on a child support order under the guidance of a Family Court Mediator and in conjunction with the Delaware Child Support Formula. If parties reach an agreement a modified order is issued, making Delaware's process an integrated one. If the parties cannot reach agreement in Mediation the case is referred to a Master who examines the facts and issues a decision. If one of the parties appeals the Master's decision, the case is scheduled for a de novo hearing before a Family Court Judge. Of those cases reviewed by Family Court, 61% were resolved at Mediation, another 30% were resolved at the Master's level, 5% were resolved by a Judge, and 4% were the result of default judgments issued by Masters.

Modified orders were achieved on 619 cases by the end date of the project. 82% of those orders were modified upward and 13% were modified downward. The remaining 5% were modified to add medical support only. The average modified order yielded an increase in support of 66%. Average compliance rates also increased from 58% to 61% yielding a 72% increase in collections. Medical support was a focus of the project. Less than 10% of the orders reviewed contained provisions for medical support prior to the review. After the review that figure had jumped to over 40%.

Review and Adjustment was determined to be cost effective. Estimated steady-state benefits and costs were calculated to adjust for inefficiencies associated with project start-up and shut-down. The resulting calculation revealed that for every dollar spent, \$2.53 in benefits were produced.

Since the end of the project, Delaware has continued to select and process cases for review and adjustment. Nearly all of the 5,700 cases selected for review have been completed with a total of 958 modifications (as opposed to 619 modifications at the time the project ended). To date over 13,125 cases have been selected. Table 3 on the next page contains statistics as of late January 1994. It should be noted that review and adjustment can be a lengthy process. Cases need to be screened, notices sent, consent obtained (if necessary), petitions filed and court time scheduled. The case may need to be rescheduled for Mediation or scheduled for a Master's hearing depending on the outcome of the first Mediation Conference. For cases adjusted during the project, 166 days elapsed from selection to review. Because Delaware's review and adjustment process is integrated, an average of only ten additional days elapsed between the review and the adjustment for a total of 176 days elapsing between selection and adjustment.

Some adjustments to the process have been made since the end of the project. The most significant of these changes was the development of a letter which is sent to absent parents requesting whether or not they would like to have their case(s) reviewed.

Delaware benefitted greatly from the demonstration project. We were able to complete the bulk of the first round of reviews on AFDC cases by early 1992, well ahead of the Office of Child Support Enforcement's October 1993 deadline. We gained a great deal of insight on such issues as the role of the IV-D attorney and coming to terms with downward modifications. Initially both of these issues were of great concern, but after a series of discussions involving Family Court, the Department of Justice, the Division of Child Support Enforcement and the Office of Child Support Enforcement, those concerns were resolved. I would urge the Subcommittee, however, to reexamine these provisions in light of the findings of the four state demonstration projects. I would also encourage you to consider limiting these requirements [at the state's options] to those cases where with the greatest potential.

TABLE 3 - Review and Adjustment Statistics

|  | For Cases<br>Selected During<br>the Project | For Cases<br>Selected since<br>the project | Totals for<br>All Cases<br>Selected |
|--|---|--|-------------------------------------|
| Cases Selected                                 | 5,709                                       | 7,417                                      | 13,126                              |
| Cases Pending                                  | 7   | 769  | 776                                 |
| Cases Disposed                                 | 5,702                                       | 6648                                       | 12,350                              |
|  |   |  |                                     |
| Cases Disposed via Family Court                |   |  |                                     |
| Upward Modification                            | 782   | 647  | 1,429                               |
| Downward Modification                          | 147   | 233  | 380                                 |
| Modification - Medical Support Only            | 29  | 34   | 63                                  |
| No Modification                                | 231   | 297  | 528                                 |
| Other <sup>1</sup>                             | 534   | 559  | 1,093                               |
| Total  | 1,747                                       | 1,746                                      | 3,493                               |
|  |   |  |                                     |
| Pre-Court Dispositions                         |   |  |                                     |
| Review Not Authorized                          | 1,072                                       | 595  | 1,667                               |
| Not a Delaware Order                           | 288   | 93   | 381                                 |
| Child Emancipated                              | 545   | 334  | 879                                 |
| Absent Parent Incarcerated or Capias<br>Issued | 463   | 767  | 1,230                               |
| Modification in Progress                       | 222   | 272  | 494                                 |
| Not Appropriate - Age of Order                 | 520   | 1,570                                      | 2,090                               |
| Other <sup>2</sup>                             | 845   | 1,271                                      | 2,116                               |
| Total  | 3,955                                       | 4,527                                      | 8,482                               |

<sup>1</sup> Contains cases disposed due to dismissal, withdraw, issuance of a capias, or deemed inappropriate for review by Family Court.

<sup>2</sup> Contains cases disposed if DCSE was unable to locate one of the two parties, if good cause was requested, if services were terminated, or if for some other reason the review was not deemed appropriate.



*Section 104: Timing of Notice of Support Payment Collections*

The Delaware Division of Child Support Enforcement complies with the requirement that families receiving AFDC be notified of the amount of support collected on their behalf on a monthly basis. The notification letter, now generated by the automated system, was implemented in January of 1993 with the issuance of letters covering collections made in the previous quarter. The letter has been issued on a monthly basis since then. It contains the amounts paid by the non custodial parent, and the amount of disregards paid for the month. It further contains a total of payments made to the client while he/she was on AFDC, and the amount paid while the client was not on AFDC.

**FAMILY SUPPORT ACT OF 1988: Subtitle B - Establishment of Paternity**

*Section 111: Performance Standards for State Paternity Establishment Programs*

- a) Section (a) requires states to meet Federal standards for the establishment of paternity. Delaware submitted the necessary data to the Office of Child Support Enforcement in December of 1990 to establish the baseline against which to measure Delaware's performance in establishing paternity. The paternity establishment rate for FFY 92 was 73% and for FFY 93 was 72%. The national average are reported in the Sixteen Annual Report to Congress is 43%.
- b) Section (b) requires states to require the child and other parties (except in good cause cases) to submit to genetic tests in a contested paternity case. Delaware law supported the requirements contained in this section prior to the passage of the Family Support Act.
- c) Section (c) permits states to charge individuals not receiving AFDC for the costs of genetic tests to establish paternity. Delaware law supported the requirements contained in this section prior to the passage of the Family Support Act. In calendar year 1993, blood tests were ordered on 968 cases in Family Court. This means that a substantial portion of the adjudications of paternity (approximately 50%) involved blood testing.
- d) Section (d) encourages states to establish and implement a simple civil process for voluntarily acknowledging paternity, and a civil procedure for establishing paternity in contested cases. In recent years paternity establishment has been the domain of the Delaware Family Court. The only way to establish paternity was for it to be adjudicated. The process could be lengthy and was generally adversarial in nature. Recognizing that a simpler process is needed, and in order to comply with the Omnibus Reconciliation Act of 1988, Delaware is planning to introduce legislation providing for voluntary acknowledgment of paternity and in-hospital voluntary acknowledgment of paternity. Although the process is titled "in-hospital," since that is where the emphasis will be at the time of the child's birth, parties will be able to voluntarily acknowledge paternity at any time during the minority of a child. This process is expected to be implemented by January 1, 1995.
- e) Section (e) requires states to implement laws requiring the use of procedures which permit the establishment of paternity of any child at any time prior to such child's 18 birthday. Delaware law supported the requirements contained in this section prior to the passage of the Family Support Act.

*Section 112: Increased Federal Assistance for Paternity Establishment*

The federal matching rate for laboratory testing to establish paternity is set at 90 percent. This additional funding has provided the necessary financial support to carry out the mandates of the Act and I encourage continued funding at that level. Table 4 contains paternity establishment data for Delaware for the last several state fiscal years.

Table 4 - Paternity Data

| State Fiscal Year | No. of Paternities Established | % Increase Over 1990 |
|-------------------|--------------------------------|----------------------|
| 1990              | 974                            | N/A                  |
| 1991              | 1,228                          | 26.1%                |
| 1992              | 1,535                          | 57.5%                |
| 1993              | 1,923                          | 97.4%                |

**FAMILY SUPPORT ACT OF 1988: Subtitle C - Improved Procedures for Child Support Enforcement and Establishment of Paternity**

*Section 121: Requirement of Prompt State Response to Requests for Child Support Assistance*

I support the need to establish timeframes to govern the processing of child support cases. The process can be very lengthy and needs yardsticks against which to measure performance. However, these standards as currently defined will be difficult to meet given rising caseloads, increased federal mandates, and insufficient resources at the state level. I encourage the Subcommittee to reexamine these standards.

*Section 122: Requirement of Prompt State Distribution of amounts collected as Child Support*

I strongly support this provision. A major entire goal of the IV-D system is to collect child support and see that it is distributed to the custodial parent. This strengthens families, promotes self sufficiency and reduces the need to depend on welfare. In Delaware the average turnaround for disbursement of collections is one business day. Payments received in the morning are batched, logged into the system, and deposited into our bank account. That evening the system issues checks which are mailed the following morning.

*Section 123: Automated tracking and monitoring systems made mandatory*

I am very strongly in favor of this provision. Delaware's automated system, the Delaware Automated Child Support Enforcement System (DACSES), was implemented in March of 1987. Delaware was the second state to have a federally certified system for child support enforcement and the first state to have level I certification. DACSES handles case initiation including automatic referrals from the IV-A agency, case management including a built in "tickler" capability to monitor cases, and forms generation including the production of all documents necessary to support the filing of petitions in Family Court. It further supports our court based process with a court scheduling function. The system supports enforcement of orders through prioritization of delinquencies, facilitation of automatic interception of unemployment benefits, plus federal and state income tax interception. DACSES also supports accounting functions such as payment posting and payment distribution. Currently DACSES

interfaces with the Delaware Department of Labor, and the State Bureau of Vital Statistics. These functions help support location of absent parents. Finally, the system contains an automated guidelines calculation.

In order to meet the systems requirements of the Family Support Act, DACSES will require a significant number of enhancements. A systems enhancement contract was signed effective November 1, 1993, and work on the design phase is well advanced. I am confident that Delaware will meet the October 1995 deadline for certification under the Family Support Act guidelines. I do, however, recommend the Subcommittee consider extending that deadline for states that have made a reasonable effort to comply, but have been unable to do so because of circumstances beyond their control.

*Section 124: Additional Information Source for Parent Locator Services*

I agree that the Department of Labor database provides a very valuable source of information for parent locate. Making this information available to Federal Parent Locate is important in ensuring that locate is accessible and available to State Parent Locate. Although this provision does not specifically address the value of information from the Department of Labor pertaining to the interception of unemployment compensation, I wanted to call this aspect to the Subcommittee's attention.

In the past Division of Child Support Enforcement (DCSE) had no consistent method of identifying which absent parents were receiving unemployment compensation. DCSE had on-line inquiry with the state's Department of Labor (DOL) which gave worker's information on unemployment compensation. A worker could check this data if he or she suspected that an individual was receiving unemployment compensation. This process resulted in delays in securing child support payments via unemployment compensation. In 1987 an automated interface between DCSE and DOL was developed. DCSE sends a tape weekly of all open cases with wage attachments to the Department of Labor. In this way DOL has a record of valid child support wage attachments before a person comes in to file for unemployment compensation. This process has substantially accelerated the attachment of unemployment compensation. Table 5 contains data pertaining to collections made through interception of unemployment compensation. Our automated interface with the Department of Labor has also given DCSE increased access to the Social Security Numbers of non custodial parents, and access to wage information.

I encourage the Subcommittee to examine additional parent locate sources and consider making IRS data available to states.

Table 5 - Unemployment Compensation

| State Fiscal Year | Unemployment Compensation Collections |
|-------------------|---------------------------------------|
| 1985              | \$13,000                              |
| 1986              | \$39,000                              |
| 1987              | \$56,000                              |
| 1988              | \$164,000                             |
| 1989              | \$269,000                             |
| 1990              | \$412,000                             |
| 1991              | \$931,000                             |
| 1992              | \$1,114,000                           |
| 1993              | \$1,248,000                           |

*Section 125: Use of Social Security Number to Establish Identity of Parents*

Delaware complies with this requirement.

*Section 126: Commission on Interstate Child Support*

I am pleased to support the recommendations made by the Interstate Commission. Delaware House Bill 11 which would implement UIFSA in Delaware was introduced into the last session of the Delaware legislature and is expected to pass this year. Delaware was ahead of the Commission in some areas. A central registry or clearinghouse for interstate cases was established in August of 1988. This unit handles all incoming requests for IV-D services from other states. Delaware is also moving to implement the Child Support Enforcement Network (CSENet) which will facilitate the transmission of case information between states. I am currently facilitating the establishment of the necessary agreements and procedures that will permit the implementation of one of the first regional "hubs" involving CSENet. **I encourage the Subcommittee to support funding for full implementation of CSENet.**

*Section 127: Costs of Interstate Enforcement Demonstrations Excluded in Computing Incentives*

**I support any provisions that will allow the use of demonstration projects to test innovative procedures without creating a negative impact on a state's ability to collect incentives.**

*Section 128: Study of Child Rearing Costs*

**I support any studies that would provide for the equitable establishment and enforcement of child support orders.**

*Section 129: Collection and Reporting of Child Support Enforcement Data*

**I encourage the Subcommittee to reexamine all of the current reporting requirements.**

In closing, I would like to thank the Subcommittee for providing me with the opportunity to brief you on where Delaware stands with respect to the child support provisions of the Family Support Act. I realize that this is only one state's perspective. I strongly encourage you to speak with other state IV-D Directors, particularly those from larger states to ensure that the Subcommittee gets a balanced perspective on the issues states face in implementing these provisions.



Chairman FORD. That is quite all right. It is good testimony. Mr. Berlin, go right ahead.

**STATEMENT OF GORDON L. BERLIN, SENIOR VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP., NEW YORK, N.Y.**

Mr. BERLIN. Thank you very much, Mr. Chairman.

As you know, the Family Support Act includes a provision that instructs the Secretary of Health and Human Services to allow a group of States to provide JOBS services to noncustodial parents who are unemployed and unable to meet their child support obligations.

The States that received the waivers and are participating in this project are part of a national demonstration called Parents' Fair Share. Participants in this project are the noncustodial parents of children receiving AFDC, the group that welfare reformers will be counting on to generate welfare savings from increased child support collections.

During the 18-month pilot phase, the program has served 5,000 noncustodial parents in 11 locations in 9 States. When these noncustodial parents said they could not pay child support because they were unemployed, the child support enforcement systems, usually at a hearing, asked them to fulfill their obligation by participating in Parents' Fair Share.

The project is designed to answer two simple questions. Is it feasible to provide JOBS services to noncustodial parents? And do these services result in increased employment earnings and child support paid?

The pilot phase of the project is designed to answer the feasibility question, and the demonstration phase we are now entering is designed to answer the impact questions about increases in employment and earnings and child support paid.

The project's pilot phase offers lessons in four categories. First are lessons about who the nonpaying parents of AFDC children are—their demographics, their education backgrounds, their employment backgrounds, and the like.

The second set of lessons are about the limits of enforcement-only strategies for increasing child support payments from this group of parents.

The third set of lessons are about the institutional challenge and the feasibility of getting the agencies involved to mount this program.

The fourth set of lessons have to do with the program's success in actually engaging these parents in activities.

Who are the noncustodial parents of AFDC children that are participating in Parents' Fair Share? They are overwhelmingly men. Nearly 60 percent have never been married. Most report very little recent employment, and nearly two-thirds said they had worked 3 months or less in the last year, while one in seven said that they had been unemployed for more than 2 years. Nearly half did not have a high school diploma.

Many of the noncustodial parents said they were having trouble meeting their basic needs. Many faced staggering debts, including

average child support arrearages of \$4,200 per person when they started in Parents' Fair Share.

Contrary to popular stereotypes, most of the noncustodial parents referred to Parents' Fair Share during the pilot phase reported having only one or two children, and the majority reported having had their children with only one partner. In addition, most reported having had regular contact with the youngest child.

In short, many of the noncustodial parents of AFDC children are also poor. While they have limited education and skills, they do work periodically, although not regularly. They do see their children and they are involved in their lives.

What are the limits of enforcement only strategies? First, understanding who these nonpaying fathers of children in AFDC are underscores the challenge for child support enforcement agencies. That challenge is not simply to get child support paid once at a court hearing, but to get these parents to pay month after month after month.

The challenge has two dimensions: What to do when noncustodial parents say they are unemployed at a child support hearing and how to change a noncustodial parents' willingness to cooperate with the child support system.

Unfortunately, the system is ill-equipped to handle cases in which noncustodial parents cite unemployment as the reason for their failure to pay child support. Yet unemployment and low earnings are common in this group.

When the child support system does locate noncustodial parents who say they are unemployed, the system really only has two options. It can hold them in contempt and send them to jail, or it can admonish them to get jobs and to report back.

Given the lack of constructive alternatives for handling these cases, agencies often choose not to expend resources pursuing nonpaying noncustodial parents when there is no immediate evidence of income.

The second part of the challenge has to do with the lack of incentives for either the custodial or noncustodial parent to cooperate with the system. Both parents find that their children are better off if child support is paid under the table and outside of the regular system, because any payment above \$50 a month goes to offset AFDC payments. In addition, noncustodial parents often feel the system is fundamentally unfair because arrearages build even when they are unemployed or in jail or otherwise unable to pay.

Whether or not their perspective on fairness is accurate, or whether the larger society agrees with it is less important than the reality that when these fathers do work, they often work temporarily or in off-the-books jobs, making it very, very difficult for the child support system to locate them. Because these parents can avoid the child support system it is important to also think about ways to turn around their willingness to cooperate with the system.

How does the Parents' Fair Share project respond to these problems? PFS offers an alternative set of services and activities for cases the child support system would not normally work. Instead of sending them home or to jail, the child support enforcement system can ask them to participate in Parents' Fair Share's employment and training, peer support, and other services.

In effect, it makes the child support mandate real in a way that it is not now for this particular group of fathers. They are no longer ignored. They are asked to participate in this program. For those who are working off the books, asking them to participate every day effectively calls their bluff. They can not both participate in PFS and continue working off the books and not reporting income, and not paying child support.

But, of course, the overwhelming majority of the fathers that we have seen are not lying. The hard truth is that they need a job before they can pay child support. Parents' Fair Share services are an attempt to help them get good jobs and thus to improve their ability to pay child support.

While Parents' Fair Share services will never change their dislike of the child support enforcement system, if the program affects the ways in which they demonstrate their commitment to their children and to work, it could also result in more cooperation.

The project also tries to address some of their concerns about the system's fairness. An enhanced child support component seeks to make the system more responsive to their actual ability to pay. While they are participating, because they are not working, child support orders are lowered to a minimum amount, so arrearages don't build. Once they leave the program, hopefully for jobs, their child support orders increase and immediate wage withholding is put in place.

Now how has Parents' Fair Share overcome the institutional obstacles in getting the various agencies to work together? Virtually all the pilot sites were able to successfully mount the program. They were able to get JOBS, JTPA, child support enforcement agencies, and various nonprofit agencies to cooperate together to make the program work.

The child support system, especially, has had to revamp the way it does business in order to make the program effective. In most sites, these enhanced CSE efforts were facilitated by dedicating specific CSE staff to work with these cases. In addition, PFS staff were outstationed at the CSE office and at the courts and dedicated court dockets were created to process these cases on a regular basis.

Interestingly, once the CSE system began calling in fathers with no apparent income and asking them to participate in PFS, 14 percent of the fathers announced that they were working and could pay child support.

Was the program successful in engaging this group of mostly men in services? The participation rates were quite high. Sixty-six percent of those referred to the program actively participated in its services. Within the first 4 months of the program, 20 percent got jobs directly through the program, and at that point, 4 months in, 42 percent were still actively engaged in the program's services.

Attendance rates in the peer support component, which provides information on parenting and child support rights and responsibilities, have also been very high. In fact, this component has turned out to be the core of the program.

Equally important, the agencies were able to work together sufficiently so that very few of the noncustodial parents fell through the cracks. Of those referred to the program 83 percent, either actively

participated or were pursued by the child support enforcement system.

To sum up, Parents' Fair Share focuses our attention on the noncustodial parents of children on AFDC, many of whom are unemployed or working off the books. By providing the system with an option for fathers who say they are unemployed, Parents' Fair Share participation requirements make the child support mandate a reality for many parents that the system is currently unable to serve.

But providing opportunities to help noncustodial parents fulfill their responsibility requires government to make investments, and we don't know yet whether these investments will pay off in increased earnings and increased child support payments over the long haul, and that is the role of the next phase of the project.

[The prepared statement follows:]



**TESTIMONY OF GORDON L. BERLIN  
SENIOR VICE PRESIDENT  
MANPOWER DEMONSTRATION RESEARCH CORPORATION**

Good morning. I am Gordon Berlin, and I am here representing the Manpower Demonstration Research Corporation (MDRC). MDRC is an intermediary organization created to develop and evaluate programs designed to address some of the nation's most pressing social problems: teenage parenting, welfare dependency, youth and adult unemployment, and school dropout. I am pleased to have the opportunity to appear before this Committee today to present what we have learned about the feasibility and promise of the Parents' Fair Share program, which was authorized by the Family Support Act of 1988 (FSA), and is supported by a consortium of private and public funders including the Pew Charitable Trusts, the Ford, AT&T, McKnight, Northwest Area, Charles Stewart Mott, and Annie E. Casey foundations, and the federal departments of Health and Human Services and Labor as well as nine state and local social service and employment departments.

Parents' Fair Share (PFS) is a challenging national demonstration project designed to increase the employment, earnings, and child support payments of noncustodial parents (usually fathers) who owe child support for their children receiving Aid to Families with Dependent Children (AFDC) but who are not paying because they are unemployed. In the spirit of mutual obligation embodied in the Family Support Act, PFS matches the responsibility noncustodial parents have to pay child support with employment and training and other opportunities that could help them to become employed and pay support. In the eleven locations in nine states where PFS programs operate, the child support system asks unemployed, nonpaying, noncustodial parents to fulfill their obligation by participating in a program of peer support, employment and training, enriched child support enforcement, and dispute resolution intended to lead to more stable employment and child support payment.

MDRC has just completed the first stage of the Parents' Fair Share Demonstration: a pilot phase designed to test the operational feasibility of the PFS approach for meeting the needs of noncustodial parents who say they are unemployed. An initial feasibility study was seen as critical because successful implementation of Parents' Fair Share requires profound institutional change involving the development of close linkages between agencies charged with collecting child support and those that provide employment and training and other services to the disadvantaged. My remarks today summarize the key lessons we have learned from the pilot phase experience about the feasibility of operating employment and training programs for noncustodial parents who owe child support, and about the limits of "enforcement-only" strategies for increasing the child support payments of the noncustodial parents of children receiving public assistance.

### Overview

The main lesson from the Parents' Fair Share pilot phase is that it is feasible to operate this program model, which requires Job Opportunities and Basic Skills Training (JOBS), child support enforcement (CSE), AFDC, and Job Training Partnership Act (JTPA) agencies to work cooperatively. We have seen substantial institutional change in all of the participating sites. The agencies shared information and developed new ways of doing business to accommodate each other's needs. As a result, the vast majority of those referred either participated in services, found a job on their own, or were followed up by child support enforcement officials. Equally important, PFS successfully engaged the noncustodial parents referred to it. Participation rates in services (66 percent of those referred) are high relative to the rates we have seen in state JOBS programs for adult AFDC recipients, and attendance rates in the peer support component are very high. In addition, "smokeout" effects — where noncustodial parents admit they are working when faced with PFS's participation requirements — appear to be substantial.

In addition to lessons about operational feasibility, the PFS pilot experience, involving more than 5,000 noncustodial parents, lays bare several sobering realities about the potential of "enforcement-only" strategies for increasing child support collections from the parents of AFDC children. For example, many noncustodial parents of AFDC children, usually fathers, are themselves poor, with intermittent work histories and limited education. While many of these fathers do work periodically, frequently their jobs are temporary, involving off-the-books construction and similar arrangements. The child support system is ill-equipped to enforce payment when parents are unemployed, change jobs frequently, or work off the books. Simply put, it has no way of knowing when these fathers are working. With little likelihood of learning about earnings, no viable options when the noncustodial parent says he is unemployed, and staff caseloads approaching 1,000 or more cases per worker, the child support system generally does not work with these cases.

But working these cases with traditional enforcement tools is not the answer either. The hard truth is that many noncustodial parents do not pay because they have no income. Before they can pay, they need jobs. The second hard truth is that fathers who want to avoid paying, and whose jobs are in the off-the-books economy, can do so. The real challenge in child support is not simply a matter of getting these fathers to pay once, but getting them to pay month after month. For the child support enforcement

system to be successful with the nonpaying parents of AFDC children, it will also need to change their willingness to pay. In this regard, the PFS pilot phase experience shows promise.

Determining whether there is a net increase in employment, earnings, and child support paid (above and beyond what might have happened if PFS did not exist), and whether these differences are large enough for the program's benefits to exceed its costs is the purpose of the demonstration phase of the project, which is scheduled to be fully operational in seven sites this April. During this phase of the project, a random assignment research design will be used to identify what net difference the PFS program makes.

### Child Poverty and the Family Support Act

Today, a child born in this country stands a better than 50 percent chance of spending part of his or her life with just one parent, and children living in these families stand an equally great chance of being poor. Many of these families receive public assistance through AFDC, the nation's largest cash welfare program, which primarily serves single mothers and their children.

Growing rates of poverty and welfare receipt among single-parent families point to the vital importance of child support as both a source of additional income for these families and a means to reduce public welfare expenditures. Efforts to improve child support enforcement are essential. It has been estimated that as much as \$34 billion in potential support goes unpaid each year, and almost two-thirds of single parents currently receive no child support.

In response to these concerns, Congress passed the Family Support Act (FSA) in 1988, a landmark bill aimed at improving the economic well-being of parents and children receiving AFDC. Central to the Act is the idea of "mutual obligation." With two incomes increasingly necessary to support families, parents — both mothers and fathers — should be the primary supporters of their children. At the same time, government must provide services to promote self-sufficiency when individuals are unable to find jobs on their own.

To this end, FSA expands resources and requirements for state programs providing employment and education services to adult AFDC recipients, who are generally custodial parents. It created the JOBS program, the keystone of national policy to help welfare recipients help themselves. Building on several legislative initiatives of the past decade, FSA also increases the federal role in child support enforcement (CSE). The objectives are to improve states' performance in establishing paternity for out-of-wedlock births and to establish and enforce adequate child support orders.

FSA enhancements to the CSE system, such as automatic wage withholding and presumptive guidelines for setting orders, should improve the collection of child support owed. However, the rapidly declining economic circumstances of young men, particularly those with limited skills and education credentials, suggests that the payoff from tighter enforcement may be constrained by the inability of some noncustodial parents to pay. It is likely that some noncustodial parents who do not pay child support are unemployed and need help finding jobs before they can meet their obligations.

Currently, few states are operating programs designed to assist unemployed noncustodial parents to obtain employment. Although these men may be eligible for programs funded through other sources, such as the Job Training Partnership Act (JTPA), they are usually not AFDC recipients and are therefore not normally eligible for JOBS services. In addition, mechanisms do not generally exist to link participation in employment programs to the CSE system.

Recognizing these facts, the FSA includes a provision that instructs the Secretary of Health and Human Services to allow a group of states to provide services under the JOBS program to noncustodial parents who are unemployed and unable to meet their child support obligations. This provision of the Act attempts to match the obligation of noncustodial parents to pay child support with an opportunity to receive services that could lead to gainful employment, much the way JOBS does for custodial parents on AFDC. Parents' Fair Share builds on this provision through additional funding, technical assistance, and a set of core services that may be critical for the noncustodial parent population.

### The Limits of Enforcement-Only Strategies

In the design and implementation of Parents' Fair Share, MDRC staff visited child support systems in a number of states and completed an independent review of a county child support enforcement system, titled Child Support Enforcement: A Case Study. We were especially interested in understanding how child support systems operate and interact with nonpaying fathers. While it seems clear that the reforms contained in the FSA are making a difference in the performance of local child support systems, when

it comes to the noncustodial parents of children on AFDC, the group whose payments are crucial to the generation of welfare savings, we are also beginning to see the limits of enforcement strategies. Two shortcomings stand out.

First, the child support enforcement system is ill-equipped to handle cases in which noncustodial parents cite unemployment as the reason for their failure to pay child support. Yet, unemployment and low earnings are common among this group of mostly male noncustodial parents. For example, the average annual earnings of 25- to 29-year-old men without a high school diploma fell by 35 percent between 1973 and 1991. Declining earnings leave fewer resources available for child support. At the same time, child support staff's caseloads are extremely high, court dockets are full, and there are not enough court staff to keep up with the flow. In addition, the child support system has difficulty locating these parents, and there are long lags before they obtain matching tax, bank, or unemployment insurance wage reporting data.

When the child support system does find noncustodial parents who say they are unemployed, judges and child support enforcement staff have few means at their disposal to assess whether these nonpaying noncustodial parents are in fact telling the truth. With their enforcement options limited, courts are often forced to resort to stopgap measures such as setting a "purge payment" — an amount the custodial parent can clearly pay — and ordering him to pay this sum or go to jail. The noncustodial parent may produce the payment to gain his release, and then return to the cycle of nonpayment. In other cases, judges may order noncustodial parents to seek employment and report back to court periodically, but many courts and child support enforcement agencies are overwhelmed and unable to carefully monitor such "seek work" orders. Given the lack of constructive alternatives for handling these cases, CSE agencies often choose not to expend resources pursuing nonpaying noncustodial parents when there is no evidence of income.

Second, there are few incentives for either noncustodial parents or custodial parents who are receiving AFDC to cooperate. Noncustodial parents feel that the child support system is unfair because arrearages build while they are unemployed, in jail, or otherwise cannot pay, and they build before paternity is established. In some places, fathers start off owing \$10,000 or more, being held responsible for all Medicaid costs for the birth of a child plus all accrued AFDC costs. In addition, if he pays anything more than \$50 per month under the table, his children on AFDC will be worse off if he establishes paternity and pays child support through the formal system. Poor fathers also feel that the payment guidelines leave little for them to live on after paying child support, and they often pay disproportionately more than well-off fathers. Finally, the system is cumbersome, slow, and unresponsive to the ever changing ability of these fathers to pay child support.

In summary, success in increasing the amount of child support collected on behalf of children receiving AFDC benefits hinges on the child support system's ability to address two fundamental problems: What to do when noncustodial parents say they are unemployed and how to change the willingness of some noncustodial parents to cooperate with the child support enforcement system.

### The Parents' Fair Share Response

When noncustodial parents say they are unemployed, the child support system currently has only two options: admonish them to find work and then send them home, or hold them in contempt for failing to search for work and put them in jail. Neither option is satisfactory. Parents' Fair Share offers an alternative set of services and actions for cases the child support system would not normally work.

In most cases, noncustodial parents are referred to Parents' Fair Share during court hearings or appointments scheduled by CSE agencies in response to the parents' failure to make court-ordered child support payments for children receiving welfare. Noncustodial parents who cite unemployment as the reason for their nonpayment are ordered to attend PFS activities.

Parents' Fair Share programs are built around four core components that were identified by MDRC's background research as critical to serving the PFS population:

- **Employment and training.** The centerpiece of PFS programs is employment and training services designed to help participants secure long-term, stable employment at a wage level that will allow them to support themselves and their children. Since noncustodial parents vary in their employability levels, sites are strongly encouraged to offer a variety of services, including job search assistance and opportunities for education and skills training. In addition, since it is important to engage participants in income-producing activities quickly, sites are encouraged to offer on-the-job training (OJT), paid work experience, and activities that mix skills training or

education with part-time employment.

- **Enhanced child support enforcement.** A primary objective of Parents' Fair Share is to increase support payments made on behalf of children living in single-parent welfare households. Parents' Fair Share will not succeed unless increases in participants' earnings are translated into regular child support payments. To do this, PFS creates a more responsive child support enforcement system. The child support enforcement systems in PFS base their orders on ability to pay, both during and after participation in PFS. This generally means lowering orders temporarily to a minimum amount so long as the noncustodial parent participates in PFS services, and responding quickly when noncustodial parents obtain employment or fail to participate in PFS as ordered.
- **Peer support.** MDRC's background research and the pilot phase experience suggest that employment and training services, by themselves, will not lead to changed attitudes and regular child support payment patterns for all participants. Thus, Parents' Fair Share includes regular support groups for participants. The purpose of this component is to inform participants about their rights and obligations as noncustodial parents, including rights to visitation, and to encourage positive parental behavior.
- **Mediation.** Parents' Fair Share programs also provide opportunities for parents to mediate their differences. This is important since disagreements between custodial and noncustodial parents about visitation, household expenditures, lifestyles, child care, school arrangements, and the roles and actions of other adults in their children's lives influence child support payment patterns.

Parents' Fair Share makes the child support mandate real in a way that it is not now, particularly for fathers who are unemployed or who work off the books. These fathers are no longer ignored. The child support enforcement system can ask them to participate in PFS. Because Parents' Fair Share offers positive services, CSE staff feel as if they are being more proactive, and not just child support police. At the same time, PFS provides CSE staff with a means of calling the bluff of men who work off the books. So long as they have to participate actively in PFS, off-the-books work is hard to maintain without being discovered.

However, Parents' Fair Share also seeks to do more than that. Its employment and training services attempt to increase noncustodial parents' ability to find and hold jobs and, thus, their ability to pay child support. Because child support enforcement cannot succeed in providing regular support in the long run without cooperation, Parents' Fair Share also seeks to reinforce participants' interest in their children through peer support. While it will never change their dislike of CSE, if the program affects the ways in which they demonstrate their commitment to their children and to work, it could result in more cooperation.

### Lessons from the PFS Pilot

MDRC's overall conclusion, based on data collected during more than a year and a half of pilot operations in nine states and reported in Matching Opportunities to Obligations: Lessons for Child Support Reform from the Parents' Fair Share Pilot Phase, is positive: Although the pilot programs confronted a range of implementation issues, the Parents' Fair Share program served a diverse group of individuals, the approach has proven to be operationally feasible, and there are clear signs that it has generated changes in both bureaucratic systems and individuals.

- **The PFS noncustodial parents are a diverse group; however, many appear to be living in poverty and facing critical barriers to employment.**

The vast majority of the noncustodial parents who were referred to Parents' Fair Share during the pilot phase are men. Almost half were 30 years old or older, but more than one-third were 25 years old or younger. Nearly 60 percent had never been married.

Most of the noncustodial parents reported very little recent employment. Nearly two-thirds of the parents said they had worked three months or less in the past year, and one in seven said they had been unemployed for more than two years. Moreover, many of the parents faced important barriers to success in the labor market. For example, just over half had earned a high school diploma or General Educational Development (GED) certificate. On the other hand, there was a group of noncustodial parents with somewhat more extensive work histories.

Many of the noncustodial parents said they were having trouble meeting their basic needs. Many faced staggering debts owing to fines, medical bills, and child support arrearages (which averaged more than



\$4,000 per person at the point of referral to Parents' Fair Share). Despite their ages, less than 5 percent of the noncustodial parents reported that they were living alone when they entered Parents' Fair Share. Many had no stable address or lived in complex households, including a variety of extended family members spanning several generations.

Most of the noncustodial parents referred to Parents' Fair Share during the pilot phase reported having either one or two children at the point of referral, and the majority reported having had children with only one partner. In addition, most reported having had regular contact with the youngest child for whom the parent reported being behind on support payments. More than half said they had seen the child at least once a week, and only about 7 percent said they had not seen the child at all in the past year.

At the same time, program staff reported that, while most of the noncustodial parents had strong feelings for their children, many did not fully appreciate or understand a father's role. For example, staff noted that many fathers defined their role in purely financial terms. Similarly, some peer support facilitators reported that, while most of the parents in their groups saw their children frequently, the time they spent together was often not "productive." Staff attributed these attitudes and behavior patterns in part to a lack of positive male parental role models; fewer than half of those referred to Parents' Fair Share said they had lived with their own fathers at age 14.

- **The key institutions changed in important ways.**

All sites were able to mount the complex program successfully, and they succeeded in building multi-agency partnerships to run the program. The networks included JOBS programs, JTPA agencies, CSE agencies, courts, private nonprofit organizations, and school districts and community colleges, among others.

PFS presented daunting institutional and operational challenges. The two main organizational players — employment and training providers and child support enforcement agencies — had little history of collaboration and few incentives to expend resources on the PFS target population.

The greatest changes were demanded of child support enforcement agencies. Since the national CSE program was created, a mix of financial and organizational factors has pushed the system to focus on maximizing immediate support collections. Child support enforcement agencies are generally unfamiliar with the notion of making short-term investments in noncustodial parents in the hope of increasing their ability to pay later. In fact, these agencies are likely to de-emphasize cases that seem unlikely to yield immediate payoffs. Parents' Fair Share pushed the system not only to identify and take action on these cases, but also to invest in the noncustodial parents by temporarily reducing their child support obligations during the period of PFS participation.

Most of the child support enforcement agencies began "working" cases that were at times ignored before PFS provided a constructive option for handling them. In addition to generating large numbers of referrals to PFS, this new focus uncovered a substantial amount of previously unreported income. One site found that at least 14 percent of the nonpaying noncustodial parents identified as potentially eligible for PFS quickly acknowledged that they were employed, agreed to pay child support, and were never referred to the program; other parents "found" (or acknowledged) employment just after the referral but before receiving any program services.

Most of the sites also developed procedures to routinely reduce the child support obligations of noncustodial parents during the period they were participating in PFS, and to raise these orders quickly if the parents failed to cooperate or found employment. This represented a major change because support orders were rarely changed in this manner in the past. Child support enforcement systems have had to revamp the way they do business in order to effect these changes. In most sites, these enhanced CSE efforts were facilitated by dedicating specific CSE staff to work with PFS cases. In addition, staff from Parents' Fair Share sites were outstationed at the CSE office and at the courts, and dedicated court dockets were created to process these cases on a regular basis.

Employment and training systems were more difficult to change, perhaps because these agencies perceived that they were already prepared to serve the PFS population. Each of the Parents' Fair Share sites developed a range of employment and training options for participants. Several sites developed innovative organizational approaches to integrate employment and training services provided by multiple agencies. For example, several sites stationed staff from a number of different providers in a central PFS program office.

Particular emphasis was placed on on-the-job training (OJT), which was seen as an ideal vehicle to

combine training with income-producing work. During the early months of the Parents' Fair Share pilot, almost all sites had difficulty placing PFS participants in OJT positions or other JTPA-funded training. Initially, most sites focused instead on relatively short-term job search or job-readiness training.

As the demonstration progressed, sites made real progress broadening the menu of employment and training services that was envisioned by MDRC. Several sites strengthened their capacity to develop OJT slots and unsubsidized employment for PFS participants. In some cases, this responsibility was brought in-house: The lead agency hired a job developer directly on its own payroll. A few sites added new activities designed to prepare more participants for OJTs. Additionally, most of the sites took steps to broaden and strengthen their skill-building offerings beyond OJT and to help identify participants who might be interested in these programs. It seems clear that the general employment and training approach sought by MDRC is feasible, albeit difficult and time-consuming to implement.

- A substantial share of the parents who were referred to PFS were actively engaged in program activities.

Few of those referred fell through the cracks. Coverage rates within the first four months averaged 83 percent. That is, 83 percent of those referred to Parents' Fair Share either participated actively, found a job on their own, or were followed up for enforcement by the CSE system.

Participation rates in services were high relative to the rates we have seen in state JOBS programs for parents in AFDC households. Around 66 percent of those referred to Parents' Fair Share participated in an activity for at least one day. Participants were usually expected to attend at least three days a week. Within four months of referral to Parents' Fair Share, noncustodial parents who participated in PFS attended an average of 26 activity sessions, including peer support and employment and training activities. Almost one-fourth of these participants attended 40 or more sessions, and 42 percent were still active in the final month covered by the data, which suggests that the average number of sessions per person would be considerably higher if additional months of follow-up information were available. More than 20 percent of those referred to PFS reported employment to program staff within four months, another figure that will increase with longer follow-up.

Attendance rates in the peer support component were higher than expected. On average, participants attended 12 peer support sessions, which was near the total number of peer support sessions they were expected to complete. In fact, the most dramatic signs of change appeared during the peer support sessions, which emerged as the heart of most PFS programs. Many noncustodial parents were extremely angry and frustrated when they entered PFS, seeing the program as an extension of a child support enforcement system that they perceived to be fundamentally unfair. Sites quickly learned that the peer support component, which was designed to engage the noncustodial parents around their interest in their children, while allowing them to air grievances in a supportive environment, was able to quickly soften participants' hostility and give the PFS program credibility. Many participants quickly developed a strong attachment to this activity, and both group members and staff insisted that profound attitudinal changes resulted.

Overall, more than three-fourths of all employment and training participants attended job-readiness or job search activities, and about one-third attended basic education. Less than one in ten received skills training or OJT. The average number of sessions attended was 21 across all types of employment and training activities. Over 40 percent of participants in these activities were still active in these components at the end of four months of follow-up.

During the course of the pilot, MDRC's technical assistance focused on helping sites expand their employment and training service offerings. As a result, several sites restructured the employment and training provider network or sequence of activities to focus more heavily on skill-building activities. At the same time, better training and newly hired job developers accelerated the pace of OJT placement.

Few Parents' Fair Share participants obtained mediation services. Mediation was included as a PFS component primarily as a "safety valve." Disputes between custodial and noncustodial parents over visitation, custody, childbearing, and other issues, though legally separate from child support, nevertheless affect support payment patterns. Moreover, it was assumed that the peer support component, if successful, would lead many noncustodial parents to seek increased contact with their children, which, in turn, might trigger additional conflicts. Little evidence of increased conflict arose. But even when mediation was suggested to resolve long-standing conflicts around visitation, relatively few noncustodial parents expressed interest and, when they did, it was difficult to persuade custodial parents to participate.

Some have speculated that mediation is unfamiliar to these parents and that they may doubt its

impartiality. This may explain why a few sites appear to have had some success with more informal mediation efforts assisted by program staff. In any case, low utilization rates — particularly among low-income parents — have been found in other studies of mediation initiatives. Nevertheless, during the coming months we will be working with the sites to make this component more accessible.

### Challenges Ahead

The next phase of Parents' Fair Share will feature a random assignment evaluation that will provide the data necessary to determine whether Parents' Fair Share is indeed making a difference as compared to normal CSE practices. In this design, a pool of eligible noncustodial parents will be assigned randomly to either a "program" group, which will be eligible for Parents' Fair Share or a "control" group, which will not be. Because the two groups will be similar in every way except that one will be eligible to participate in PFS, any differences between the two groups over time in employment, earnings, or child support paid will be attributable to the program.

Key questions that the Parents' Fair Share evaluation will address are: Does PFS increase the employment and earnings of noncustodial parents who are unemployed and unable to adequately support their children? Does PFS increase child support payments by noncustodial parents? Over time, do regular child support payments lead to a reduction in poverty among children receiving public assistance? Does PFS lead to the provision of other forms of support by noncustodial parents to their children?

If PFS is successful, it will provide a model for meeting the employment and training needs of disadvantaged unemployed men, while simultaneously helping to complete the vision of shared parental responsibility for children at the heart of current national welfare reforms. It will show how a broader attack on poverty among children in single-parent families can be mounted by involving both custodial and noncustodial parents.

Program operators have amassed a substantial body of program information suggesting that PFS participants increase the amount of contact they have with their children. Noncustodial parents who see their children are more likely to pay child support. Hopefully, the combination of participants having more contact than previously with their children and the receipt of the program's training and job placement services will lead to increased earnings and child support payments, not just once, but month after month.

By providing the CSE system with an option for fathers who say they are unemployed, Parents' Fair Share's participation requirements make the child support mandate a reality for many parents the system is currently unable to serve. Fathers without income can fulfill their responsibility by participating in PFS activities. Fathers with income from off-the-books jobs will likely be forced to admit they are working and, thus, to begin paying child support. But, providing opportunities to help noncustodial parents fulfill their responsibility will require government to make investments. We do not know yet whether these investments will pay off in increased earnings and increased child support payments. That is the role of the next phase of this important demonstration.

Chairman FORD. Thank you.  
Ms. Haynes.

**STATEMENT OF MARGARET CAMPBELL HAYNES, ATTORNEY,  
DIRECTOR, CHILD SUPPORT PROJECT, CENTER ON  
CHILDREN AND THE LAW, AMERICAN BAR ASSOCIATION,  
AND FORMER CHAIR, U.S. COMMISSION ON INTERSTATE  
CHILD SUPPORT**

Ms. HAYNES. Good afternoon, Mr. Chairman, and thank you for the opportunity to testify.

My name is Margaret Campbell Haynes. From 1990 to 1992, I chaired the U.S. Commission on Interstate Child Support, which was created by the Family Support Act. I am a former prosecutor, and since 1987 have directed the American Bar Association's Child Support Project.

Given the expertise of my copanelists, I would like to limit my oral remarks to paternity establishment and income withholding.

First, let me voice my appreciation for OBRA. I think it is a needed extension of the Family Support Act's encouragement of civil procedures in paternity cases. OBRA's emphasis on nonadversarial expedited procedures for the establishment of paternity is exactly where we need to be focusing. But to ensure States meet paternity establishment standards, I have two recommendations.

One recommendation addresses interstate cases. The best way to handle an interstate case is to prevent it from ever becoming one, yet many States lack a specific long arm provision authorizing local jurisdiction in paternity cases. The result is either no action or all the delays associated with the two-State process of URESA. Congress should require every State to enact a long arm provision applicable in paternity cases. A model for such a provision is in the Uniform Parentage Act and the new Uniform Interstate Family Support Act.

The second recommendation is an extension of OBRA's requirement that a paternity acknowledgment create a presumption of paternity upon which a support order can be based. I think that is a very important provision of OBRA. However, in some administrative process States, this has unexpectedly led to some problems.

What has happened is because there is no expressed adjudication of paternity in the support order, courts are allowing the defendant to reopen paternity years down the road. Congress should require States to establish time frames and procedures where this presumption of paternity created by the acknowledgement ripens, if you will, into a paternity adjudication that is entitled to full faith and credit, if there is no objection, after notice.

Next, I would like to discuss income withholding. The Family Support Act strengthened enforcement by requiring immediate withholding without regard to arrears, except for limited circumstances. Unfortunately, my experience as chair of the commission and as a trainer in more than 35 States leads me to conclude that withholding is not the panacea originally envisioned. It is underutilized in interstate cases, ineffective in self-employment cases, and very time intensive, despite the legislative intent that it be a speedy enforcement remedy.



The General Accounting Office did a study on interstate income withholding for the commission and identified many problems in the States—lack of uniformity, missing or inaccurate locate information, relocation of the obligor prior to service of the withholding order, overwhelming case loads, lack of training, and long delays. In fact, in interstate cases, it took over 13 to 20 weeks to get service on an out-of-state employer.

To improve enforcement, the Interstate Commission recommended a three-part reform—State registries of support orders, a national computer network, and so-called W-4 reporting. I would like to highlight a few points, some of which are slightly different from the commission's recommendations.

First, I think that States should operate State registries of support orders. This registry should include all support orders, regardless of their IV-D status.

In addition, I think there should be a national registry of support orders, which would not duplicate these State registries but basically serve a pointer function, so that you could contact the national registry, find out John Smith has support orders in Tennessee and South Carolina, and then go directly to those States.

Congress should create an expanded Federal parent locate service that is based on linkages among the Statewide automated child support systems to which Ms. Paulin referred.

Finally, Congress should establish a nationwide requirement that employers report new hires for child support purposes. I would like to offer some suggestions, which in some cases modify the commission's recommendations.

This W-4 reporting should apply to all employers. There should be no exemption for small businesses, because they are one of the biggest employers of this group.

Employers should be required to report W-4 information on all new hires within 10 business days. The purpose of W-4 reporting is not only to facilitate income withholding but to help locate obligors. For that reason, we need a quick turnaround reporting time, not one tied into the payroll period.

The W-4 form should be modified to include health insurance information. However, contrary to the commission's recommendation, I don't think it needs to solicit support order information from the employee. That, I think, is asking for inaccurate information, not necessarily due to lying on the part of the obligor, but because he or she honestly doesn't know the terms of the support order or which of several orders is the controlling order. You can get that correct support information through the network and the registries.

Employers should be required to honor income withholding orders issued by any State, regardless of whether they do business in that State. Such a requirement is commonly called direct income withholding.

Finally, Congress needs to address the problem of multiState employers. We should establish a uniform definition of income subject to withholding, a uniform ceiling on the amount of income that can be garnished for support—it varies in the States now, and uniform standards regarding the priority of withholdings when you have one obligor subject to several withholding orders and insufficient money to meet all of them.

I think W-4 reporting will greatly build upon the Family Support Act, which itself strengthens the Child Support Enforcement amendments.

My written testimony also discusses support guidelines, staffing and training needs, and the importance of training programs for obligors.

Thank you.

[The prepared statement follows:]

## STATEMENT OF MARGARET CAMPBELL HAYNES

FORMER CHAIR, U.S. COMMISSION ON INTERSTATE CHILD SUPPORT  
DIRECTOR, AMERICAN BAR ASSOCIATION CHILD SUPPORT PROJECT

before

SUBCOMMITTEE ON HUMAN RESOURCES  
WAYS AND MEANS COMMITTEE  
U.S. HOUSE OF REPRESENTATIVES

March 19, 1994

Good morning, Mr. Chairman, and members of the Subcommittee. Thank you for this opportunity to discuss states' implementation of the child support provisions of the Family Support Act of 1988. My name is Margaret Campbell Haynes. I am testifying in my individual capacity, not as a representative of the American Bar Association. My testimony is based on 2 1/2 years of public testimony and study as the Chair of the U.S. Commission on Interstate Child Support. It is also based on my experience since 1988 as a trainer of child support workers, lawyers and decisionmakers in more than 35 states.

We owe you a debt of gratitude for the Family Support Act of 1988. Its child support provisions greatly strengthened important mandates of the Child Support Enforcement Amendments of 1984. My comments will focus on four areas: paternity establishment, automated tracking and monitoring systems, income withholding, and support guidelines.

I. Paternity Establishment

The Family Support Act created paternity performance standards and mandated the availability of genetic testing in an effort to improve paternity establishment. However, it did not mandate any specific paternity procedures. Rather, the Act simply "encouraged" states to establish civil voluntary paternity acknowledgment procedures.

In hearings before the U.S. Commission on Interstate Child Support, many witnesses testified about the burdensome process used by states to establish paternity. Many states required adversarial proceedings, despite the presence of a father willing to acknowledge paternity. Some states still require jury trials in paternity cases. In other states, one court system has jurisdiction to adjudicate paternity, but a custodial parent has to file a separate action in a separate court system in order to obtain a support order.

These problems were exacerbated in interstate support cases, which represent about one-third of this country's child support caseload.<sup>1/</sup> Interstate problems included lack of state laws expressly authorizing jurisdiction over nonresidents in paternity cases, and evidentiary problems when the parentage testing laboratory and witnesses are located in a different state from the one hearing the case.

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<sup>1/</sup> U.S. General Accounting Office, Interstate Child Support: Mothers Report Receiving Less Support from Out-of-State Fathers, HRD-92-39FS (Govt Printing Office 1992).

It is no surprise then that in fiscal year 1991, IV-D agencies established paternity in only 45 percent of their paternity cases.<sup>2/</sup>

Provisions in the recently enacted Omnibus Budget Reconciliation Act of 1993 will go a long way toward addressing these problems. Mandated use of expedited paternity procedures, voluntary paternity acknowledgment at the hospital or later during the child's life, presumptions of paternity based upon genetic test results or the existence of an acknowledgment, and the admissibility of genetic test results absent a timely written objection are needed legal reforms.

As Congress is considering welfare reform, there are two other legislative mandates that I urge you to consider. First, all states should be required to enact a long arm statute authorizing jurisdiction over a nonresident who has engaged in sexual intercourse in the state that may have resulted in conception of the child for whom paternity establishment and support is sought. Such a provision is part of the Uniform Parentage Act, already enacted in 17 states. It is also contained in the Uniform Interstate Family Support Act. This comprehensive act for the establishment and enforcement of support in interstate cases was approved by the American Bar Association in 1993. The U.S. Commission on Interstate Child Support recommends its universal, verbatim enactment by all states.<sup>3/</sup>

Second, I believe a provision in OBRA needs strengthening or it may result in harm to some children. OBRA requires states, as a condition of receiving federal funds, to establish procedures whereby the voluntary acknowledgment of parentage creates a presumption of parentage upon which a support order can be based without further hearing. The benefit of such a law is the prompt imposition of a support obligation. The drawback of the law is evident in Washington. In that state, an acknowledgment of paternity creates a presumption of paternity upon which an administrative support order can be based. However, the "father" may subsequently contest paternity until the child's eighteenth birthday since there has never been an express finding of paternity. I strongly recommend that federal law require states to establish procedures whereby the presumption of paternity "ripens" into a conclusive adjudication of paternity. For example, states could require that if the acknowledgment is filed with a court or paternity registry and there is no objection within a certain time period after notice, the acknowledgment becomes a paternity adjudication entitled to full faith and credit without the necessity for further proceedings.

## II. Automated Tracking and Monitoring Systems

### A. Current Performance

"In a day of electronics where computers replace humans in every business, the child support system stands as a dinosaur fed by paper."<sup>4/</sup> The Family Support Act requires states to develop operational statewide automated child support systems by October 1995. However, a recent report by the General Accounting Office suggests some states may have difficulty meeting that deadline.<sup>5/</sup>

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<sup>2/</sup> See U.S. Dept. of Health and Human Services, Child Support Enforcement: Sixteenth Annual Report to Congress for the Period Ending September 30, 1991 (Govt. Printing Office 1992).

<sup>3/</sup> The Uniform Interstate Family Support Act (UIFSA) has been enacted in Arizona, Arkansas, Colorado, Montana, Nebraska, Oregon, Texas and Washington.

<sup>4/</sup> U.S. Commission on Interstate Child Support, Supporting Our Children: A Blueprint for Reform (Govt Printing Office 1992).

<sup>5/</sup> U.S. General Accounting Office, Child Support Enforcement: Timely Action Needed to Correct System Development Problems, IMTEC-92-46 (Govt Printing Office 1992).



Effective automated systems are crucial to child support enforcement. Such systems play a crucial role in the generation of legal forms, the monitoring of payment, and the electronic processing of interstate cases. The Interstate Commission focused on another crucial role systems play: communication between states of the location of an obligor or the obligor's income and assets.

In 1990 17 percent of mothers reported to the Census Bureau that the noncustodial parent was in another state but that they were unable to obtain a support order because the noncustodial parent's exact location was unknown. In addition, 16% of mothers with awards reported that they were not receiving payments but were unable to enforce the order because they could not locate the obligor.<sup>6/</sup> At Commission hearings, a common frustration voiced by custodial parents was that the burden fell on them to track down the missing obligor.<sup>7/</sup>

To address the concerns of parents, Congress must take aggressive steps to improve the location procedures used by state child support programs. The Commission recommended a three-part strategy: a federal requirement that states establish state registries of support orders, the creation of a national computer network, and a federal requirement that employers be required to report new hires for child support purposes.

#### B. Registries of Support Orders

To facilitate enforcement, the Interstate Commission recommended that Congress require every state to establish a Registry of Support Orders. The Commission recommended that the registry include, at a minimum, all orders being enforced by the state child support program, known as IV-D orders. Commissioners envisioned that the state IV-D office would serve as the registry since that office already maintains data on IV-D orders.

It is my view that the registry should include every support order issued in the state, regardless of IV-D status. Some may argue that non-IV-D orders should not be included since parties should not have government intervention forced upon them. However, it is impossible to determine all outstanding orders against an obligor unless the system includes both IV-D and non-IV-D cases.

In addition to state registries of support orders which would contain detailed information, there should be a national registry of support orders. This national registry would not duplicate or replace state registries. Rather, it would serve a "pointer" function. A state seeking information about outstanding support orders on a particular obligor could use the national network described below to query what other states had outstanding support orders. The national registry of order abstracts would have the minimum information -- names of parties, social security numbers, and state(s) that have issued an order -- needed to then direct specific requests to the appropriate states.

#### C. National Computer Network

Current federal law requires that each state operate a state Parent Locator Service (PLS) for the purpose of locating absent parents in child support cases. There is also a

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<sup>6/</sup> U.S. General Accounting Office, Interstate Child Support: Mothers Report Receiving Less Support From Out-of-State Fathers, HRD 92-39FS (Govt Printing Office 1992).

<sup>7/</sup> "Responding states have never located the father of my son. In every situation, I've had to locate the man's address and verify his place of employment by my own means unless I wanted to see two and three year lapses in child support payments. This has been a very time consuming process." Testimony of Connie Gerlach, custodial parent at hearing before U.S. Commission on Interstate Child Support.

federal Parent Locator Service (FPLS) that accesses information on file with various federal government agencies. As recommended by the Commission, Congress should expand the Federal Parent Locate Service to create a national locate network based upon linkages among statewide automated child support systems and between state systems and federal parent locate resources. Through the network, child support agencies and attorneys could obtain address, income, and support order information for child support purposes.

The network would allow states to direct locate requests to a particular state or to broadcast the request nationwide. State data bases which should be accessible include publicly regulated utilities, employment records, vital statistics, motor vehicles, taxes, crime and corrections. When a targeted state is unable to locate the person, the expanded FPLS would also be able to automatically reroute the request to other states, based on Department of Labor studies of migration patterns.

Some have argued that the national computer network is unrealistic. However, the technology is already being successfully used in the criminal arena. For example, under NLETS (National Law Enforcement Telecommunications Network), each state's law enforcement agency is linked with local data bases. NLETS then serves as a conduit linking the 50 State computers together. States can retrieve information from other states through the network in a matter of seconds. Therefore, a mandated 48-hour turnaround time for processing support information requests is certainly feasible.

In order for such a system to be effective, the federal Office of Child Support Enforcement needs to identify common data elements. Additionally, the system will be strengthened to the extent that state data bases are automated and use social security numbers as identifiers.

### III. Income Withholding

#### A. Current Performance

Income withholding for purposes of child support collection was first mandated by the Child Support Enforcement Amendments of 1984. The Family Support Act strengthened this enforcement remedy by requiring states to provide for immediate withholding, without regard to arrears, unless the decisionmaker finds good cause not to order immediate withholding, or the parties enter into a written agreement providing for an alternative payment arrangement. Unfortunately, my experience as Chair of the Commission and as a trainer in the states leads me to conclude that withholding is not the panacea originally envisioned. It is underutilized in interstate cases, ineffective in self-employed cases, and very time-intensive despite legislative intent that it be a speedy enforcement remedy.

In a report that the General Accounting Office produced at the request of the Commission's congressional members, GAO stated:

Interstate wage withholding is not working in the manner that Congress and HHS expected, and is not working well. With more than six different procedures in use across the country, uniformity is lacking. Moreover, heavy reliance on nonuniform URESA procedures continues, in part because offices believe they need URESA to enforce wage withholding when it is coupled with requests for other congressionally mandated enforcement remedies. The lack of uniformity produces confusion that may slow timely serving of withholding orders on employers. It can take a few weeks to over a year. But local offices ranked three other factors. . . . 1) missing or inaccurate information on the noncustodial parent or employer, 2) parents who have left the employer before the withholding order is served, and 3) the size of the caseworkers' caseloads. . . . We found four other factors that exacerbate the delays: a lack of computer automation in some offices;

states' central registries that do not screen or verify as much information as they might; inadequate familiarity with appropriate interstate withholding procedures, especially among attorneys and judges; and courts that are too slow to hold hearings.<sup>8/</sup>

GAO found that in interstate cases there is an average of 13 to 20 weeks between location of an obligor's source of income and service of the withholding order on the out-of-state employer.<sup>9/</sup> During the delay, the obligor may move to new employment.

#### B. W-4 Reporting of New Hires

To ensure the availability of the most current employment information on obligors, the Interstate Commission recommended that Congress require employers to report new hires through the W-4 form. The employer should be required to send a copy of the W-4 information to a designated state entity, probably either the state Employment Security Commission (ESC) or the state IV-D agency. The advantage of the ESC is that employers are familiar with reporting wage information to that entity. On the other hand, there are two advantages to designating the state IV-D agency as the recipient of W-4 information. First, the state IV-D agency is most likely to be the registry of support orders so an automated comparison of tapes would be very simple. Second, it would also ensure there is a state office monitoring compliance with the W-4 reporting that has a vested interest in improving child support enforcement.

The state IV-D agency would match orders in its Registry of Support Orders against the W-4 information. The IV-D agency would also broadcast the information nationwide through the computer network. If there was a match with an order maintained on any state's registry, the appropriate state agency (or person in non-IV-D cases) would immediately send a federally designed income withholding notice or order directly to the employer.

I am pleased to report that at least 10 states have now enacted the W-4 recommendation of the Interstate Commission.<sup>10/</sup> Based on state experience with W-4 reporting and further discussions with employer groups, I would like to offer the following suggestions which slightly modify the Commission's recommendations.

1. Obligor often do not know correct information about their support orders or to whom payments should be forwarded. Therefore, to require the employee to provide such information on an amended W-4 form means there will often be misinformation. The misinformation becomes problematic if employers are required to begin withholding based on the faulty information prior to any verification. Payments may be sent to the wrong location and the goal of prompt receipt of support by the obligee frustrated.

What is most crucial about the W-4 reporting is the employer address information. I therefore suggest that the W-4 form be amended to only solicit information about the availability of employer-provided health insurance. It is not necessary to include information about support terms. Such information will be gained when the W-4 data is matched against the state registry of support orders and broadcast through the national network.

<sup>8/</sup> U.S. General Accounting Office, Interstate Child Support: Wage Withholding Not Fulfilling Expectations, HRD-92-65BR (Govt Printing Office 1992).

<sup>9/</sup> U.S. General Accounting Office, Interstate Child Support: Wage Withholding Not Fulfilling Expectations, HRD-92-65BR (Gov't Printing Office 1992).

<sup>10/</sup> Alaska, California, Georgia, Hawaii, Iowa, Massachusetts, Minnesota, Virginia, the State of Washington, and West Virginia.

To avoid confusion, I also recommend that employers not be required to implement income withholding until they have received the federal income withholding notice/order. That ensures accurate withholding.

Finally, I recommend that federal legislation provide the employers with flexibility in how the W-4 information is transmitted. For example, state laws often allow transmission of the data through mailing a copy of the W-4 form, faxing the information, or electronically transmitting the information.

2. States should not be required to store the W-4 information indefinitely. It may be appropriate to require retention of the W-4 information for three months after its receipt. At that time, the information should be appearing on wage reports from the state employment security commission. There is no reason to maintain duplicate data banks.

3. Congress and the states need to educate the public that W-4 reporting will not only greatly facilitate income withholding. It will also provide valuable locate information. For that reason, the employer reporting of new hires should not be tied into payroll periods but to a set period from the point of hire. Congress should set a uniform standard for the time within which employers must forward the W-4 information (10 working days is suggested).

To further facilitate income withholding, Congress should establish a universal definition of income subject to withholding, a uniform ceiling on the amount of income that can be garnished for support, and uniform standards regarding priority of withholdings when an obligor is subject to several state withholding orders and lacks sufficient income to meet all of them.

Implementation of this one recommendation will result in a large increase in support for children. The Congressional Budget Office estimated that the Interstate Commission's recommendation would cost \$55 million to implement nationwide, and result in \$210 million of increased support collections.

#### C. Direct Income Withholding

In 1984 Congress required states to make income withholding available as an enforcement tool in interstate cases. An agency or attorney sends an interstate income withholding request to the state where the obligor derives income. That second state provides the obligor notice and an opportunity to contest. Child support is usually forwarded from the out-of-state employer to a collection point in the employer's state, then to a collection point in the custodial parent's state, and then finally to the custodial parent.

A number of child support agencies report success in sending an income withholding request directly to the out-of-state employer, despite lack of jurisdiction over the employer. In fact, GAO found that 75 percent of employers comply with a direct withholding request.<sup>11/</sup> Congress should legalize what appears to be working and require states to have laws that require an employer doing business in the state to honor an income withholding order or notice sent directly from any state. A similar provision is contained in the Uniform Interstate Family Support Act, which the Commission recommends that all states be required to enact.

#### IV. Child Support Guidelines

Although the Family Support Act required every state to establish presumptive support guidelines, there is no federal model. States have developed

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<sup>11/</sup> Wage Withholding Not Fulfilling Expectations, *supra* note 9.



guidelines based on three approaches: the percentage of income formula, the income shares formula, and the Melson formula. Studies indicate that these different state guidelines can result in families with similar financial circumstances with the same number of children facing different support obligations.<sup>12/</sup> In order to ensure uniformity and equity, I recommend a national support guideline.

Although I support a national support guideline, I do not believe that the "perfect" guideline now exists. One area that guidelines are particularly ineffective in addressing are multiple families.<sup>13/</sup> I support the creation of a National Child Support Guidelines Commission, as recommended by the Interstate Commission. The task of the Guideline's Commission should be to evaluate current state support guidelines and develop a national support guideline for Congressional consideration.

This is also the position of the American Bar Association's Presidential Working Group on the Unmet Legal Needs of Children and Their Families. ABA Past-President Mike McWilliams created the Working Group to make recommendations on needed reforms to strengthen families, especially those most at risk. The report represents the views of the working group, and should not be considered official policy. Having made such a caveat, let me point out that in the child support chapter, the report identifies several principles that the Working Group believes a national guideline should embody:

- o both parents should support their children in proportion to their relative income and resources;
- o before determining a child support award, the "essential households needs" of each parent's household should be met;
- o after a parent's household poverty needs are met, the parent should be required to contribute a proportional amount that will bring the child's income up to the federal poverty level; and
- o children should share in their parents' standards of living by allocating an equitable percentage of the remaining parental income to the child's basic support needs.

#### V. Additional Resources

I am a strong advocate that our current state-based child support system can be an expeditious, effective, and equitable system for parents and children. My testimony presents recommended reforms that will further strengthen the great strides made by the Child Support Enforcement Amendments of 1984 and the Family Support Act of 1988. However, new laws are not enough. Nor are improved automated systems. States must receive greater resources to carry out existing mandates and potentially new requirements.

#### A. Staffing and Training

Even the best automated system will not replace the need for an adequate number of trained personnel to process child support cases.

In fiscal year 1991, IV-D agencies collected support in only 19.3 percent of their IV-D cases. However, the sum collected (\$7 billion) represents a 72% increase in collections over the past five years. Agencies are dealing with a caseload that has increased by 26

<sup>12/</sup> See, e.g., Maureen A. Pirog-Good, Child Support Guidelines and the Economical Well-Being of Our Nation's Children, Discussion Paper No. 997-93 (Institute for Research on Poverty, Feb. 1993).

<sup>13/</sup> See Marianne Takas, "Improving Child Support Guidelines: Can Simple Formulas Address Complex Families?" 26 Fam. L.Q. 171 (1992).

percent over the past five years.<sup>14/</sup> Yet, resources have not grown with the caseload. The average caseload of a fulltime child support employee is over 1000 cases.<sup>15/</sup>

While OCSE has cited many states for failure to conform to the audit criteria requiring the processing of 75 percent of cases needing services, no staffing study or mandated staffing level has ever been imposed by OCSE.

I join others in urging Congress to take action to ensure that the staffing levels in the state and local agencies are increased. The Secretary of Health and Human Services should conduct a staffing study in each state -- with state input -- to determine staffing needs. States should then be required to implement the recommended caseload staff ratio or face reduced federal funding. Additionally, there needs to be a stronger federal and state commitment to training to ensure that problems are better anticipated, resources are more widely used, and appropriate legal remedies are sought.

#### B. Funding

Congress also needs to reexamine the financial resources that the federal government provides states for the child support program. Currently states receive 66 percent of their funding for administrative costs from the federal government. States also receive federal incentives of 6 to 10 percent (based on collection efficiency) of the amount collected for both AFDC and non-AFDC cases. However, federal incentives are capped in non-AFDC cases at 115 percent of the amount collected in AFDC cases.

Some argue that the incentive program should be maintained and retargeted to reward states that perform well on criteria that reflect the program's goals. Such goals may include the traditional duties of child support agencies: to locate parents, establish parentage and support orders, and enforce orders. Others argue that incentives skew state case-processing priorities by forcing states to work only those cases that will likely meet the target criteria. Most persons who want to eliminate incentives prefer to see the incentive money shifted to enhanced federal administrative cost funding, which would translate to a federal funding rate of 80 to 90 percent of the administrative costs incurred by states.

I support the Interstate Commission's recommendation that Congress fund a study to examine funding alternatives. In the interim, I recommend three immediate changes: revising the federal incentive formula to reflect a balanced program that serves both AFDC and non-AFDC families, revising the federal funding formula to provide incentives for the state's obtaining health insurance coverage for dependents, and requiring states to reinvest incentives into the child support program.

#### VI. Conclusion

Thank you, Mr. Chairman, for the opportunity to testify. I have focused my testimony on the child support provisions of the Family Support Act. Obviously, our best efforts to improve support establishment and enforcement will be frustrated if noncustodial parents lack the means to pay support. Therefore, education, training and support services for obligors -- especially young parents -- also need to be addressed.

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<sup>14/</sup> Supra, note 2.

<sup>15/</sup> U.S. General Accounting Office, Interstate Child Support: Wage Withholding Not Fulfilling Expectations, HRD-92-65BR (Gov't Printing Office 1992).

Chairman FORD. Thank you.  
Dr. Williams.

**STATEMENT OF ROBERT G. WILLIAMS, PH.D., PRESIDENT,  
POLICY STUDIES INC., DENVER, COLO.**

Mr. WILLIAMS. Good afternoon, Mr. Chairman, and thank you for this opportunity to testify concerning the impact of the Family Support Act of 1988.

My name is Robert Williams and I am president of Policy Studies, Inc., of Denver, Colo.

Let me say, first, there can be absolutely no doubt that the Family Support Act has immeasurably strengthened our Nation's child support enforcement system. I would like to direct my testimony to three specific points. One is child support guidelines; a second area is review and modification of child support orders; and a third is the general area of income withholding and payment processing.

First, a major provision of the act, as you know, required the implementation of presumptive child support guidelines. I am pleased to report that States adopted presumptive guidelines very quickly and that the guidelines seem to be used almost universally by judges and hearing officers around the country.

Perhaps the most remarkable result of the Family Support Act as it relates to child support is that child support guidelines have become so widely accepted and used. They have simply become part of the family law woodwork in every State. Evidence from a number of studies indicates that guidelines have significantly increased the levels of child support orders and brought them more closely in line with the best available economic evidence on the cost of child rearing.

In addition, the requirement that the States reassess their guidelines at least every 4 years seems to be working very well. Of course, even though guidelines have become widely accepted, the levels and provisions of child support guidelines have become very controversial. But I think that that is only because all parties now understand guidelines and know that guidelines matter, whereas in the early days of establishing child support guidelines, people did not appreciate what their full impact was going to be.

From our perspective, the current law is working well with respect to child support guidelines and we see no compelling rationale to make major changes.

Some have proposed that a national guideline be established, but we see very little to be gained from a Federal perspective and much that could be lost from a measure that could intrude so deeply into the area of family law, an area that has traditionally been a State preserve.

Likewise, there have been suggestions that a Federal guidelines commission be convened to assess whether a national guideline is needed, and if not to make recommendations to States concerning their guidelines. As one who has sat through innumerable guidelines commissions meetings in many States, I have serious reservations that such a commission could be productive unless supported with an intensive research program.

Fundamentally, I believe that other areas of this program could benefit more from the attention of a national commission than could child support guidelines at this point.

Let me go on to review and modifications. Review and modification provisions of the Family Support Act have been very beneficial also. States are now establishing quantitative guidelines-based standards for modifications, and this is a major breakthrough in the area of family law, in my view. This has made the courts more accessible for modifications and it has made the outcomes more equitable.

States that have tested the review and modification process, such as Delaware, have found that orders have increased dramatically for those cases where the orders have been modified, but as other witnesses have talked about, there are problems with the process being slow, cumbersome, and expensive.

I guess our view would be that it would be good to let the current provisions run and for States to really settle in and see what the impact is. I would also suggest that some research be funded to look especially at some States which have had more experience with modification, such as Delaware, Oregon, and Michigan. The research then take a look at what the impact has been after a number of years of using these provisions. The Federal Government could also give some flexibility to other States to let them test some alternative approaches that might be more streamlined and more cost effective.

I certainly agree very, very strongly with other witnesses, that we do need what has been called a W-4 reporting requirement on the part of employers. This would greatly strengthen the administration of the income withholding requirements.

But I do want to raise an issue that I don't think has been raised in prior testimony. That is that the technology of processing child support payments has not kept up with the dramatic increases in the volume of payment transactions over time. This is something, I think, that poses significant problems for employers that are trying very hard to comply with the income withholding provisions of State laws. I think that it is also something that is driving up the cost of the program unnecessarily and diverting resources from the more critical core functions, namely paternity establishment and child support enforcement.

We would suggest that Congress should at least consider mandating central payment registries, of which a part would be a central registry of orders, as Meg Haynes has testified to, in States. But at a minimum, require that employers be able to remit their income withholding payments to one place in a State rather than having to go to dozens or perhaps hundreds of clerks of court in a given State.

Federal funding, in addition, should be available for developing the capacity to handle such payments through a payment center.

A final recommendation, but one that is not insignificant in our view, is that we think a study of child support payment distribution policies should be funded with the objective of simplifying this excessively complex area.

Thank you.

[The prepared statement follows:]



**TESTIMONY CONCERNING  
IMPLEMENTATION OF THE CHILD SUPPORT PROVISIONS OF THE  
FAMILY SUPPORT ACT**

*Robert G. Williams, Ph.D.  
President, Policy Studies Inc.  
Denver, Colorado*

Mr. Chairman and members of the Subcommittee, thank you for this opportunity to testify concerning the impact of the child support enforcement provisions of the Family Support Act of 1988. My testimony is based on the national research, technical assistance, and implementation activities conducted by my firm in the area of child support enforcement. My firm also operates seven privatized full-service IV-D child support offices under contract to three states.

There can be no doubt that the Family Support Act has immeasurably strengthened our nation's child support system. The Act was intended to improve the adequacy and equity of child support orders by mandating State adoption of presumptive guidelines, and by requiring the implementation of a periodic review and adjustment process. It was intended to tighten enforcement by extending income withholding to most child support cases. In the remainder of this testimony, I assess how well these legislative goals have been met in three specific areas: (1) child support guidelines, (2) review and modification of child support orders, and (3) income withholding.

***1. Child Support Guidelines***

***Family Support Act Requirements.*** The Family Support Act specified that states should accord rebuttable presumption status to child support guidelines, and do so within a year of the law's enactment. It is important to note that, with the language "...any judicial or administrative proceeding...", the Act mandated application of child support guidelines to all child support cases, not just publicly-enforced cases under the IV-D program.

***Implementation and Usage.*** With just a few temporary exceptions, States met the ambitious one-year timetable for adopting presumptive guidelines (many had already done so by the time the Act was passed), and all States have been using guidelines ever since.

When the Family Support Act was under consideration, there was concern that there would be substantial judicial resistance, and that guidelines implemented by the States would be frequently ignored. Our conclusion is that the level of judicial acceptance and usage of child support guidelines is very high. In part, this conclusion is based on informal interviews with dozens of judges, attorneys, advocates, and child support administrators in all parts of the country. Judges and hearing officers who frequently deviate from guidelines calculations seem to be exceptions. At least in contested hearings, judges and hearing officers appear to apply guidelines routinely, and allow the presumptive calculation to be rebutted only rarely. In fact, the most frequent complaint voiced about judicial behavior with respect to child support guidelines is that judges and hearing officers follow the guidelines too rigidly, applying them to case after case in lockstep fashion even when deviations might be appropriate.

There may be a relationship between the type of guideline and the consistency of use. In a Wisconsin study based on data from 20 counties, guidelines were followed

without deviation only in an estimated 64 percent of cases.<sup>1</sup> However, Wisconsin has one of the simplest child support guidelines, and the high rate of deviation may be related to the perceived need to adjust for some situations that are specifically addressed in other guidelines. Findings from Delaware, which has a much more comprehensive formula than Wisconsin, indicate conformance to the guidelines in 83 percent of modifications in IV-D cases.<sup>2</sup> This is a high rate of judicial compliance by any reasonable standard.

*Levels of orders.* There is a growing body of research on the effects of child support guidelines on the levels of child support orders. Although their results have been somewhat mixed, the preponderance of findings have indicated that guidelines have increased order levels significantly. One early study of guidelines implementation estimated that child support orders increased an average of 5 percent in Colorado, 16 percent in Illinois, and 28 percent in Hawaii.<sup>3</sup> These increases are somewhat lower than might otherwise have been expected. However, based on survey data, there appeared to be strong judicial and attorney support for guidelines in those three states.

An econometric study by Garfinkel, Oellerich, and Robins estimates that average child support awards would have increased 77 to 88 percent nationally if the 1985 awards had been set based on one of the three major types of guidelines (income shares, Melson, or percentage). The study suggests that half or more of this estimated impact on awards results from initial implementation of guidelines rather than an updating effect.<sup>4</sup>

In Vermont, a survey of child support orders in divorce cases found that guidelines were estimated to increase awards by an average of 23.6 percent. The survey compared child support order levels immediately preceding implementation of child support guidelines with order levels following implementation.<sup>5</sup> In a pre-post comparison of child support orders in New Jersey, the Administrative Office of the Courts found that child support orders increased by 29.9 percent for one child, and by 34.5 percent for two children for parents with combined net income of \$0 - \$600 per week.<sup>6</sup> Anecdotally, there is also a widespread belief among judicial and child support administrative officials that child support awards have significantly increased under child support guidelines in virtually all states.

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<sup>1</sup> Marygold Melli and Judi Bartfeld, "Use of the Wisconsin Percentage-of-Income Standard to Set Child Support: Experience in Twenty Counties, September 1987-December 1989", unpublished manuscript, June 1991.

<sup>2</sup> Sharon Bishop, *Evaluation of Child Support Review and Demonstration Projects in Four States: Cross-Site Final Report*, Report to Delaware Department of Health and Social Services, Caliber Associates, June 1991.

<sup>3</sup> *The Impact of Child Support Guidelines: An Empirical Assessment of Three Models*, Report to the State Justice Institute (Grant No. SJI-87-11G-E-021), Center for Policy Research (Denver, Colorado), October 1989.

<sup>4</sup> Irwin Garfinkel, Donald Oellerich, Phillip K. Robins, "Child Support Guidelines: Will They Make a Difference?", *Journal of Family Issues*, Vol. 12, No. 4 (December 1991), pp. 404-429.

<sup>5</sup> *In Support of Our Children: A Survey of Child Support Orders and Divorced Persons in Vermont*, Planning Division, Vermont Agency of Human Resources, July 1989.

<sup>6</sup> *New Jersey Child Support Guidelines: First Year Evaluation*, Draft Report to the Subcommittee on Child Support Guidelines, New Jersey Administrative Office of the Courts, December 1987.

Additional evidence that guidelines may have resulted in significant increases in child support awards can be derived from the biannual Census Bureau studies of child support based on the Current Population Survey (CPS). From 1978 through 1985, the constant-dollar value of average child support awards declined steadily, from \$3,680 to \$2,877. However, by 1987, when many states had already implemented child support guidelines, the value had increased to \$3,293, and those gains were maintained in 1989. These results are only suggestive, but it does seem reasonable to ascribe at least part of the post-1985 increase in the value of orders to the impact of child support guidelines.

*Four-year Review of Guidelines.* The Family Support Act requires that states review their guidelines at least every four years. Federal regulations further specify that this review should take into account current economic data on child-rearing costs and that States should analyze statistical samples of cases to assess compliance rates and the appropriateness of deviation factors. Although many States have had difficulty with the sampling process due to the inadequate level of documentation in court files, states have found this review process to be helpful. The reviews rarely result in a wholesale change to the guidelines, but they usually bring about a fine-tuning of the economic tables or formulas, and a re-assessment of various adjustments and income definitions.

States are examining a broad range of issues with respect to their guidelines in addition to reassessing their basic approaches and the economic underpinnings of their support schedules. One that arises most frequently is the treatment of low income cases: whether guidelines should have a self support reserve for low income obligors that exempts them from other than a minimum level of child support (usually \$50 per month) below a given income level, such as the poverty standard. If guidelines in given states have self support reserves, there is often vigorous debate concerning the level at which such reserve should be set.

Other issues that arise frequently include: (1) definition of income, (2) treatment of income from overtime and second jobs, (3) attribution of income to unemployed and underemployed obligors, (4) treatment of an obligor's additional dependents (following a remarriage, for example), (5) adjustments for shared physical custody and split custody, (6) treatment of child care and childrens' extraordinary medical expenses, (7) expenses for higher education, (8) adjustments for visitation costs, and (9) adjustments for the age of children. States take greatly varying approaches to these issues and they are often subject to heated debate. Likewise, the levels of orders set under guidelines are still controversial in many States.

*Implications for federal policy.* Based on the limited available research findings and our own observations, we believe that child support guidelines have substantially achieved their legislative goals. Guidelines appear to have made child support orders more adequate. Most states have invested considerable effort in setting their guidelines at levels which more closely approximate the true costs of child rearing, as indicated by credible economic research. Guidelines have made the process of establishing child support orders more equitable and predictable. Guidelines have encouraged voluntary settlements and reduced the amount of time required for courts to resolve contested cases. The level and form of guidelines are still vigorously debated in many states, but this is more because the public now understands that guidelines matter than a rejection of the basic concept.

From the federal standpoint, then, it is our judgment that the matter of guidelines can be considered as settled, at least for the time being. Now that all States have and use guidelines, however, there has been some interest expressed in developing and promulgating a national child support guideline. In the absence of a federally-funded child support assurance program, we do not believe that a national guideline can be easily

justified. Promulgating a national guideline would be unnecessarily intrusive into the states' traditional realm of family law. Existing guidelines are grounded in the case law, legal traditions, and political environment of each state. Although the states have tended to use one of the national models for their basic framework, they have each made a multitude of adjustments which have been the outcome of a delicate balancing of interests. Implementation of federal child support guidelines could be perceived as demonstrating a callous disregard for States' hard fought developmental efforts.

Although national child support guidelines would improve the consistency of child support orders across state lines, and would somewhat simplify interstate case processing, it is unlikely that national guidelines would have a significant impact on overall child support collections. National guidelines would probably raise child support orders in some states and lower them in others. Given all of the other areas of child support policy that could be more fruitfully addressed, we do not believe that guidelines are a pressing national issue.

Likewise, it has been suggested that a national commission be established to recommend whether there should be a national child support guideline, and, if not, whether changes should be mandated to state guidelines. In our view, there are more important topics that could be productively addressed by a national commission, such as the desirability of establishing a universal program of government-enforced support, formulating recommendations for simplifying the IV-D program and improving its efficiency, or developing recommendations for restructuring IV-D program funding and providing an adequate resource base. Having sat through numerous meetings of state guideline commissions and committees in many states, it is hard to see what new insights could be brought to guidelines issues by a national commission, unless its deliberations were supported by a well-funded and long-term research program.

## *II. Review and Modification of Child Support Orders*

**Family Support Act Requirements.** The Family Support Act added requirements for child support agencies to perform systematic reviews of child support orders every three years, beginning in 1993. This means that IV-D agencies must review AFDC IV-D child support orders every three years and modify the orders if needed to make them consistent with state guidelines. IV-D agencies must also provide non-AFDC IV-D obligees and obligors with the opportunity to request a review at least every three years, and proceed to modify these orders if appropriate.

An important element of these requirements is that States must modify child support orders based on their guidelines. The Department of Health and Human Services (DHHS) has interpreted this provision to mean that the sole criterion for modification is whether the current order differs from the result that would be obtained from a current application of the state's guidelines.

**Impact of Review and Modification Requirements.** Since the most significant review and modification requirements did not take effect until 1993, few states made substantial progress in implementing the requirements before the deadline due to the substantial resources required. But, in conformance with federal requirements, most states have changed their legal standards for modification away from vague qualitative criteria such as "substantial and continuing change" to quantitative guidelines-based criteria. An example would be that a party would be entitled to a modification if reapplication of the guidelines would result in a change to the order of more than ten percent up or down. This has brought greater predictability and fairness to the process, and facilitated efficient resolution of these cases.



The Family Support Act mandated that DHHS fund four two-year demonstration projects to develop approaches to implementing these requirements, and to test their impact. DHHS funded another such project just as the Family Support Act was becoming law, so there were a total of five demonstration projects on this topic, conducted in Colorado, Delaware, Florida, Illinois, and Oregon. These provide a rich body of insights into the probable impact of the review and modification requirements.

*Modification Outcomes.* The results from these demonstration projects confirmed that a periodic review and modification process would result in significant changes to child support orders, and that most of the changes would be upward. Of orders modified in Oregon, 83 percent were upward and 17 percent downward. The net result was a 63 percent increase in levels of those orders that were modified. There was also a large increase in orders for obligors to provide health insurance coverage. Ninety-six percent had such orders after modification, compared with 33 percent of AFDC orders and less than 30 percent of non-AFDC orders prior to modification.<sup>7</sup>

While the Colorado and Delaware demonstration projects had average increases in the same range as Oregon (67 and 60 percent), Florida and Illinois evidenced even larger increases in modified orders than in Oregon (97 and 144 percent). Smaller fractions of modifications were downward in the other four states than in Oregon: 13 percent in Delaware, 7 percent in Colorado, 1 percent in Illinois, and none in Florida. Florida and Illinois, and to a lesser extent Colorado, were more reluctant to initiate downward modifications than was Oregon. The low number of downward modifications in Florida and Illinois contributed to their larger average increases.<sup>8</sup>

There were fears that the gains from higher orders would be offset by diminished compliance, but these fears were generally unfounded. Oregon had the longest measurement of compliance and found that compliance did decrease from 78 percent to 68 percent for upwardly modified cases, and increased from 37 percent to 48 percent for downwardly modified cases. In the other four states, however, overall compliance was unaffected by the review and modification process. Average compliance rates decreased slightly in Florida and Illinois, but actually increased in Colorado and Delaware.

From these results, it is apparent that periodic review and modifications of child support orders can substantially improve the adequacy of child support orders, while making them more equitable. Not only were many orders increased to bring them in line with child support guidelines, but a significant number were decreased to reflect a decline in parental ability to pay. Furthermore, despite the fact that some modifications were downward, the review and modification process was found to have a positive benefit/cost ratio. Because the projects were conducted in such a diverse group of states, there is no reason to believe that they would not be predictive of results to be obtained nationally.

*Drawbacks to Periodic Modification.* Even though the demonstration projects suggest that the overall results are positive, they also identified some drawbacks to the

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<sup>7</sup> D. Price, et al., *Oregon Child Support Updating Project: Final Report*, Report to Oregon Department of Justice, Policy Studies Inc., April 1991. D. Price and J. Venohr, *Oregon Child Support Updating Project: Findings from the Third Year Research*, Report to the Oregon Department of Justice, Policy Studies Inc., November 1991.

<sup>8</sup> Sharon Bishop, *Evaluation of Child Support Review and Modification Demonstration Projects in Four States: Cross-Site Final Report*, Report to Delaware Department of Health and Social Services, Caliber Associates, May 1992.

periodic review and modification process specified in the Family Support Act: (1) few non-AFDC obligees requested reviews; (2) the modification rate is relatively low even for AFDC cases, (3) the process is labor intensive, and (4) the process is slow. I would like to review each one of these issues in turn.

First, in all demonstration project states, the proportion of non-AFDC obligees requesting a review was surprisingly low. Only 16 percent of non-AFDC obligees requested a review in Oregon. The proportion was approximately twice as high in Colorado and Delaware, but only because those two states expended extra efforts in encouraging non-AFDC obligees to authorize a review. No comparable figures are available for Florida or Illinois, but in all states, surveys indicated a deep reluctance by obligees to ask for a modification. They indicated either that they did not want to rock the boat if the obligor was paying, or that they did not think that it was worth the effort if the obligor was not paying. There is also some collateral evidence from Oregon that obligees were deterred by the possibility that the child support award might be reduced as well as increased.

Second, the modification rate was not as high as expected even for AFDC cases. Out of all AFDC IV-D cases selected for review, the proportion of cases with orders that were modified ranged from 17 percent in Colorado to 25 percent in Delaware (Florida results were considerably lower, but these results were anomalous for a variety of reasons). In many of these cases, either no change in order level was indicated (18 percent in Oregon), or a downward modification was indicated, but the obligor did not authorize a modification and the agency did not proceed (15 percent in Oregon). Other reasons for not modifying an order were that the case was inappropriately selected (for example, the youngest child verged on emancipation), the obligor or obligee could not be located, the AFDC cases was recently closed, or there was a good cause exemption.

Third, the process proved to be very labor intensive, despite serious efforts at automation under the demonstrations. Based on its experience in the demonstration project, Delaware estimated that it would need a 13 percent increase in IV-D staff positions to meet the review and modification requirements.<sup>9</sup> Similarly, using data from the demonstration projects, the Arizona Child Support Enforcement Administration estimated that it would need an 11 percent increase in staff. Part of the administrative burden is intrinsic to the process. It can require considerable persistence to obtain accurate income information from parents, perform one or more guidelines calculations, try to obtain an agreed order, and prepare the case for court if necessary. However, part of the administrative burden derives from the specifications of the Family Support Act, which imposes a complex scheme of notices and timeframes.

Fourth, the amount of time required to complete the review and modification process was much longer than expected: for all five sites, an average of almost 200 days from selection to modification. The most significant contributing factors to this processing time were the inherent complexity of the process and the need to obtain service of process. But the notice requirements of the Family Support Act, particularly the "challenge" notice, appear to have contributed by introducing additional dead time into the process.

*Federal Policy Implications.* Clearly the review and modification provisions have had a beneficial impact. Most states have moved toward guidelines-based, quantitative

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<sup>9</sup> Richard Curley, *Implementation Analysis of the Delaware Child Support Modification Project*, Report to Delaware Department of Health and Social Services, Policy Studies Inc., September 1991.

modification standards. These improve access to the court system by rendering the legal process more predictable. They also make the outcome of modification proceedings more fair, while reducing the court time required. Moreover, IV-D agencies and the courts have come to realize the value of a periodic review and modification process, rather than regarding modifications as unimportant demands that should be discouraged lest they unnecessarily clog up the system. States are transitioning into the review and modification process, although, by and large, their serious efforts have begun only recently.

On the negative side, there remain unresolved problems with this process. As specified in the Family Support Act, the review and modification process is cumbersome. Part of the problem could be rectified with some technical amendments which eliminated some of the well-intentioned, but overly complex specification of notices and timeframes. But there is no clear answer to the rest of the problem, which is the intrinsic difficulty of getting detailed and sensitive information from individuals who are not inclined to cooperate, the time to get legal papers served, and the resources needed to track the case through a legal procedure. In addition, even though it is apparently cost-effective, review and modification has been shown to be a costly process. In an era of "doing less with more", it is all too difficult to persuade State legislatures to add more child support personnel, even when there is compelling cost justification behind the request. Understandably, State IV-D administrators are reluctant to divert staff to review and modification functions when their resources are already inadequate to perform other required functions.

Implementing an effective periodic review and modification process is critical to ensuring that the adequacy of child support orders is sustained over time. The aforementioned econometric study by Garfinkel, Oellerich, and Robins estimated that child support awards would have increased 77 to 88 percent nationally if the 1985 awards had been set based on one of the three predominant types of guidelines in use nationally. Almost half of this increase would have resulted from periodic updating to keep orders consistent with the guidelines as parents' incomes rose. Failure to keep child support orders routinely updated will perpetuate an "adequacy gap" -- the difference between existing levels of orders and the economic costs of child rearing as represented by child support guidelines.

It is apparent from the results of the demonstration projects, though, that a less cumbersome mechanism for review and updating child support orders is needed. Ideally, IV-D agencies would be given routine access to IRS data to obtain verified income figures for both parents. Short of that, new approaches need to be developed and tested which are more automatic and rely less on parental cooperation. For example, it might be more cost-effective to combine annual presumptive cost of living increases (which could be challenged by an obligor whose earnings increased at a slower pace) with a less frequent full review based on actual parental circumstances, say every five years. Annual presumptive cost of living increases have been successfully used in Minnesota for many years. They are no substitute for full reviews, but they could potentially serve as a useful interim measure for preserving the value of orders pending more intensive examinations of parental circumstances.

Another approach might be to combine an administrative process for review and modification with a default standard for non-cooperating parents. Several states, including Oregon, have established administrative processes for periodic updates of child support orders. Both California and Colorado have provisions specifying that an obligor that fails to provide information for a review will have an order increased by 10 percent for every year that has passed since the last modification. These default standards can be imposed only in limited circumstances, however.

In addition to the cumbersome nature of the existing process, the limited response of obligees to opportunities for review and modification is another major deficiency. It may be that this is primarily a matter of education, or developing familiarity with a novel process. It may also be, however, that periodic updating should be more automatic to take the onus off of the obligee. This is the path that has been followed for income withholding, for example. It would be worthwhile to conduct research on the acceptance of periodic updating in States that have developed a history with the process, such as Oregon or Michigan. This might give some insight into whether obligees (and obligors) participate at a higher rate when they become more accustomed to routine updating.

### *III. Income Withholding and Payment Processing*

**Family Support Act Requirements.** Beginning in January 1994, the Family Support required that immediate income withholding be applied to non-IV-D child support cases, just as application to IV-D cases had been required no later than January 1990. There are two exceptions to this requirement: (1) the court or administrative hearing officer finds that there is good cause not to require immediate income withholding, or (2) the parties agree in writing that immediate income withholding shall not be required. This requirement represents a public policy mandate that child support should be paid routinely by means of payroll deduction, rather than be left to the vagaries of voluntary remittance.

In our view, the primary issue that directly concerns the income withholding requirement is the frequency with which judges or hearing officers may use the good cause exception. This is potentially a rather large loophole, and one that can be subject to extraordinarily broad discretion. It is our impression that the exception is doled out sparingly in some jurisdictions, whereas in others it is used to frustrate the statutory requirements by suspending application of income withholding until an arrearage occurs.

**Income Withholding.** Strengthened income withholding greatly increases the effectiveness of child support enforcement, but unfortunately it is not the panacea that it has often been perceived to be. First, many cases cannot be reached by income withholding because obligors are self employed, work for cash, or work in temporary jobs. A reasonable estimate might be that approximately one-third of all obligors are not in employment that can be reached readily by income withholding. Second, many obligors have short employment spells. Once they leave a job, it can easily take agencies six months or longer to locate a new employer through employment security files. In an evaluation of the Child Support Enforcement Amendments of 1984, Mathematica Policy Research found that 40 percent of the AFDC withholding spells in the sample ended within 6 months. The comparable figure for non-AFDC IV-D cases was 28 percent.<sup>10</sup> Findings from a different source, the Oregon Child Support Updating Project, indicated that 45 percent of income withholding actions were no longer in effect one year after they were initiated in conjunction with modified orders. These figures show that action to facilitate income withholding for short-term employment would significantly increase the effectiveness of income withholding.

**Payment Processing.** As the volume of child support collections continues to swell, and as an increasing proportion of payments is made by employers, it is imperative to improve the efficiency of child support payment processing. In federal fiscal year 1991,

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<sup>10</sup> Ann R. Gordon. et al., *Income Withholding, Medical Support, and Services to Non-AFDC Cases After the Child Support Enforcement Amendments of 1984*, Vol. 1, Report to U.S. Office of Child Support Enforcement, Mathematica Policy Research, May 1991, p. 20.



states reported spending \$345 million on child support payment processing and distribution -- 19 percent of total IV-D administrative expenditures. To place this figure in perspective, it is reported to be 39 percent more than they spent in establishing paternities, and more than half as much as they spent on the entire process of enforcing child support orders.

There are many factors contributing to this high cost. One is the infrequent use of advanced payment processing technologies. The function of receipting (recording and posting) child support is not significantly different than the receipting of credit card or utilities payments, yet only a few child support agencies take advantage of the high volume payment processing technologies used by commercial payment processing centers.

A second is the extreme complexity of the federally-mandated payment distribution process, which allocates current support and arrearages between the obligee and AFDC reimbursement. This complexity arises from the myriad of decision rules for allocating arrearage payments between AFDC reimbursement and payments to the obligees. When overlaid with contingencies for multiple obligations on the part of a single noncustodial parent, and multiple orders for a single obligee -- some of whom may have been on AFDC and some of whom may not, these rules constitute of logical structure of Aquinian proportions.

A third is duplicate payment handling by the courts and IV-D agencies in many jurisdictions. It is not unusual for all child support payments to be made to a Clerk of Court, but for all IV-D payments to be forwarded to a state child support enforcement agency for appropriate distribution. In some states, the transaction is entered twice, once into the Clerk's records and once into IV-D records.

A fourth is continuing lack of sufficient automation in most states for accounting and disbursement functions. This is being addressed through the Family Support Act requirement that states develop automated systems for child support enforcement by October 1995.

With the current redundant structure, pending automated solutions, one study estimated that it cost \$8.36 per IV-D payment for collection and disbursement in Nebraska's dual clerk/IV-D system. In contrast, it cost an estimated \$3.00 per IV-D payment for collection and disbursement in Iowa's central payment center operated by the IV-D agency. Iowa's estimated cost would be even lower if that center were handling the additional volume represented by non-IV-D payments. While the payment and disbursement functions in the two states are not identical, these estimates suggest the potential for reducing collection/distribution costs through centralization and use of advanced payment processing technologies.<sup>11</sup>

**Federal Policy Implications.** The income withholding requirements of the Family Support Act have strengthened child support enforcement, but there are two areas that should be addressed. First, as has been recommended by the Interstate Child Support Commission and others, there should be a requirement for employers to report new hires, so that income withholding orders can be moved quickly to new employers when obligors

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<sup>11</sup> M. Levy, et al., *Analysis of the Iowa Collection Services Center: Process and Cost Analysis*, Report to Iowa Department of Human Services, Policy Studies Inc., September 1988. N. Starling, et al., *Child Support Receipting and Disbursing in Nebraska: Process and Cost Analysis*, Report to Nebraska Department of Social Services, Policy Studies Inc., September 1988.

change jobs. We believe that the employer reports should be made to the state employment security agencies (the same agencies to which quarterly reports of employment and earnings are made), and that the information should be made available promptly for purposes of child support enforcement, welfare eligibility verification, unemployment insurance, and workers compensation. Second, we recommend that a study be made of the good cause exemption from income withholding -- whether it is used so frequently in some jurisdictions as to undermine the intent of Congress, and whether tighter statutory language would be in order.

For payment processing, we suggest that Congress consider the desirability of mandating the establishment of central child support payment registries in states. At minimum, states could be required to have a single statewide payment center for receiving income withholding transactions. In some states, there may be hundreds of clerks of court responsible for handling child support payments. Requiring a single payment center would greatly streamline the income withholding process for employers, particularly large ones. It would also be beneficial if states were further required to accept remittances from employers in electronic form.

It may be worthwhile to require central payment centers for all child support payments. This would enable states to take advantage of modern, high volume commercial transaction processing technologies, and thereby lower the cost of receipting and disbursing payments. If all child support payments in a state -- not just IV-D payments -- were required to be made through such a facility, states would be able to analyze their success in meeting child support needs for the entire population, not just for IV-D cases. It would also save substantial amounts of IV-D and court resources that are now used in trying to reconstruct payment histories when non-IV-D obligors become delinquent.

Under the Family Support Act, states are required to make available a public payment processing facility to administer all income withholding payments, including those for non-IV-D cases (U.S. Office of Child Support Enforcement, *Action Transmittal*, OCSE-AT-93-06, April 5, 1993). Yet there are no federal funds available for extending IV-D facilities to cover non-IV-D cases, or for operating such facilities for non-IV-D cases. This is a necessary mandate, since it avoids the prospect that employers will have to deal directly with private parties (obligees and their attorneys) when questions arise about payments. However, it would be reasonable for federal enhanced funding to be extended to the development cost of such facilities, to cover the automation costs. This should not be expensive since states are already automating their payment processes for IV-D cases, and the capabilities of these automated systems could simply be extended to non-IV-D cases. Once such facilities were in place, there is not a compelling justification for the federal government to fund operating costs for non-IV-D cases, since such costs could be covered by a nominal user fee.

The federal distribution requirements for the IV-D program are extremely complex and costly to administer. In our judgment, a modest investment in a study of this system, with an eye toward potential simplification, could yield large returns in the form of lower administrative costs and enhanced equity for program participants. For those of us with operational responsibilities for the child support enforcement program, few things are as frustrating as expending our precious limited resources on program requirements that do not significantly advance national goals.

Chairman FORD. Thank you very much, Dr. Williams.

Ms. Paulin, some concern has been expressed regarding review and modification of child support awards. Do you think more custodial parents are interested in having their awards modified but are reluctant to initiate the process for fear of retaliation from noncustodial parents?

Ms. PAULIN. I think that was one of the findings from the study. As I indicated, a significant number of the non-AFDC clients, when asked whether or not they wanted to participate, basically said, no. One of the reasons cited very frequently was the fact that they did not want to go through the process again because it was very cumbersome and lengthy. I think there were also comments similar to what you suggested, the fear of retaliation. In many instances, I think the clients felt that they were already benefitting by assistance and help that was nonmonetary and they didn't want to jeopardize those kinds of assistance.

Chairman FORD. Do you think we should make it automatic or let the custodial parents have the right to—

Ms. PAULIN. I think, in the case of non-AFDC clients, I think it should be voluntary. If they want to make a decision to move in that regard, I think that it should be left that way.

In the case of AFDC clients, a requirement is that it be mandatory and that we do it periodically. I tend to support that remaining the way it is. I think without doing that, States won't have as much of an impetus to deal with those cases if they did not.

Chairman FORD. Mr. Berlin, regarding the targeted population, many of the noncustodial parents appear to be living in poverty and facing critical barriers to employment. But also affecting child support payments was the relationship between the custodial and the noncustodial parents, as well as the frustrations with child support enforcement and the welfare system in general.

Do you think it would be a good idea to link child support payments and visitation?

Mr. BERLIN. That is a very controversial area of child support policy, and a lot of work went into trying to separate the two.

I guess I wouldn't be prepared to go far enough to say that we should formally tie the obligation to pay child support to the right to visit, but I think that we probably could take steps to make it easier for noncustodial parents to get visitation rights. This is often given as the central reason for nonpayment.

Chairman FORD. Does that put more strain on the relationship?

Mr. BERLIN. It could. The fathers often say that they don't have the resources to go to court to get visitation rights, and they don't have access to legal aid attorneys to them to help them get visitation.

Chairman FORD. You hear it so often.

Mr. BERLIN. Right. What we have tried to do in Parents' Fair Share is offer mediation services to try to resolve some of these conflicts. Surprisingly, most of the fathers said that they didn't have major conflicts that needed resolution. But for the handful, the smaller percent that do, it is clearly an issue.

Chairman FORD. But in most cases, when these fathers are, in fact, paying, the visitation rights are not that big of an issue?

Mr. BERLIN. Fathers who see their children are more likely to pay.

Chairman FORD. Ms. Haynes, the U.S. Commission on Interstate Child Support's Report to Congress offered many recommendations for improving the child support program. How would you set the priorities of the commission's recommendations?

Ms. HAYNES. A number of our paternity and medical support recommendations, you already passed in OBRA, and those were certainly priority. I think the recommendations that I would still say are priority are the State registries of support orders and possibly a national registry as well; the national computer network, because that will help locate as well as enforcement and case processing; the employer reporting of new hires, the W-4 reporting; and then I think the resources to the States, both in terms of a study of the staffing levels—as Ms. Paulin pointed out, the average caseload right now is 1,000 per worker—and training. We need to do a better job of training people that handle child support cases.

From State child support directors, I think another priority for them would be a reexamination of the funding of the program to make sure that we—

Chairman FORD. Can you suggest any mechanism for that?

Ms. HAYNES. We went back and forth on the commission. Some people want to do away with financial incentives and just have a greater amount of FFP reimbursement. Other people want to maintain the current funding structure but move more to a performance outcome rather than just an emphasis on collection. We couldn't find enough information to support one way over another. There are strengths and weaknesses to each approach. So, we took the compromise of recommending a study of the issue.

But clearly, there is a problem right now. We have moved toward getting away from welfare recovery and emphasizing the need to serve everyone, yet our funding structure is still kind of schizophrenic in terms of emphasizing the AFDC collections. So there are some short-term things that I think we can do immediately, and my testimony points out a couple of those.

Chairman FORD. I want to thank each panelist for the testimony and the responses to the questions today at this oversight hearing on the Family Support Act of 1988. I thank you very much. As all of you know, we will probably be back here in 1 month or 45 days with witnesses testifying on a bill before we go into a markup session. That was the purpose here, to take a look at the Family Support Act of 1988.

Again, I want to thank all of you for your testimony. Thank you very much for coming out. I am sorry that I was not here to give my opening statement earlier today, but I am going to make it a part of the record.

I am also sorry that I missed the Deputy Secretary of HHS, Mary Jo Bane.

I thank all the panelists for testifying before the committee today. Again, thank you very much.

Ms. PAULIN. Thank you, Mr. Chairman, and again, my apology to my colleagues.

Chairman FORD. That is quite all right.



I would like to announce that next week we have a joint hearing with the Select Committee on Revenue. It will be centered around empowerment zones.

We will have a continuation of these hearings, I guess, in the next couple of weeks, and they will be announced publicly 3 days prior to the committee calling the witnesses.

We will conclude the business of the subcommittee. Thank you very much.

[Whereupon, at 2:45 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

AMERICAN FATHERS COALITION  
BOX 5345  
TACOMA, WA. 98415  
206-272-2152

MARCH 28TH, 1994

CONGRESSMAN HAROLD FORD, CHAIRMAN  
SUBCOMMITTEE ON HUMAN RESOURCES  
WAYS AND MEANS COMMITTEE  
HOUSE OF REPRESENTATIVES  
WASHINGTON DC, 20515

RE: STATEMENT FOR THE RECORD ON WELFARE REFORM  
REVIEW OF 1988 FAMILY SUPPORT ACT - PUBLIC LAW 100-485  
HEARING OF MARCH 15TH, 1994

DEAR CONGRESSMAN FORD AND SUBCOMMITTEE MEMBERS:

We thank you for the opportunity to submit a statement for the record on the beginning of welfare reform consideration by the House of Representatives. This is a somewhat historic opportunity for the institution of fatherhood in America as responsible fathers seek to have approval of father inclusive policies as a major component of new family policy and welfare reform legislation approved by Congress rather than the exclusively anti-father policies as previously occurred.

We congratulate and publicly thank the Clinton Administration for putting such wide ranging policy reforms on the national political agenda. For too long the definition of troubled families meant only mothers and children. In today's world, fathers in most cases of separated parents, want to be involved as day to day parents, as much as mothers.

Our Coalition has had three meetings at the White House in the past year plus a long meeting with the Welfare Reform Working Group in December. In these meetings we have proposed several male positive and father friendly policy proposals. We are pleased to report that a number of our proposals are expected to be included in the President's legislative package when it is drafted.

The goal of the American Fathers Coalition has been to offer proposals from America's large majority of responsible fathers. These are fathers who want more day to day involvement with their children, but need help to do it. Already over 1,400,000 fathers are recognized by the 1990 census as primary residential parents. It is estimated as many or more fathers are custodial parents but who do not have legal papers to show children living with their fathers.

The time has come to recognize the damage to children growing up without parenting by their fathers. Too often we believed that most fathers simply did not care about their children. We now know this is not true, at least for the majority. What we do know is that father love is a critical factor in the positive emotional and psychological development of minor children. Without father love, these children are disadvantaged in many ways. Government policies that have effectively turned children into financial hostages of their mothers have contributed to this national nightmare.

Attached is a copy of a letter from the new Director of the Office of Child Support Enforcement. We request that the letter be included as part of our statement. The sentence about children needing and deserving both parents is a treasure for fathers. We never thought we would see such a letter from a child support enforcement official. We commend President Clinton for the appointment of Judge Ross and we wish him well. We have also pledged to him our commitment to work jointly for new regulations that are fair to both parents and meet the needs of children. One special area of work is regulations on paternity cases.

Finally, we request that our policy reform package submitted to the White House Welfare Reform Working Group also be published as part of our statement. This will inform the Subcommittee members of our full agenda and areas of interest where we will be submitting more detailed proposals in our formal testimony later this year.

America's troubled children need our help. The most cost effective proposals to be offered will simply be measures to allow day to day parenting enforcement for loving and nurturing fathers. This comes at no cost to taxpayers and will do the most to help children.

We look forward to the opportunity to give direct testimony to the Subcommittee. Any written response from Committee members or staff will be greatly appreciated.

BILL HARRINGTON  
NATIONAL DIRECTOR  
TACOMA, WA.  
MARCH 28TH, 1994



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of  
Child Support Enforcement

Washington, D.C. 20447

January 24, 1994

Dear Fellow Employees of the  
Office of Child Support Enforcement

On this, my first official day in office, I wanted to write and tell you how excited I am about working with you in the area of child support enforcement. On February 18, 1965, I joined the Office of the Corporation Counsel in the District of Columbia and was assigned to the Reciprocal Enforcement of Support Unit. I have been deeply involved in the area of family law ever since. To be given the opportunity to administer and guide the national child support effort is a real challenge and privilege.

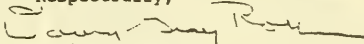
As we begin our new adventure together, please be assured that I value your experience, your knowledge, and your commitment. At the same time, you will be pleased to know that this Administration is committed to trying new ways. Sometimes we allow ourselves to take the easy route since it has proven successful in the past. I encourage you to think about "new ways" of doing things and sharing your thoughts with others. As the budget dollar shrinks, we must invent new methods of providing improved service.

Regarding our mission, my personal theme as a family court judge these many years has been "children first". Obviously, our mandated mission is to "collect child support". But I want it to be more than that. The adjudication of paternity and the imposition and collection of child support gives both parents the opportunity to be involved in the lives of their children. Children need and deserve two parents, four grandparents, and extended families. From close observation these past twenty-eight years, I am convinced that "where the pocketbook is, there the heart shall be also". To that end, everything we do must be done in the interest of our children.

In closing, permit me to say "thank you" to Bob Harris who has served as the Acting Deputy Director for these many months. I look forward to his continued counsel.

Looking forward to working with you on behalf of the children of America in the days ahead, I remain,

Respectfully,

  
David Gray Ross  
Deputy Director



AMERICAN FATHERS COALITION  
BOX 5345  
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206-572-7340

December 16, 1993

Bruce Reed & Dr. David Ellwood, Co-Chairmen  
White House Welfare Reform Working Group  
The White House  
Washington D. C. 20500

RE: December 16th Meeting  
Welfare Reform and Family Policy

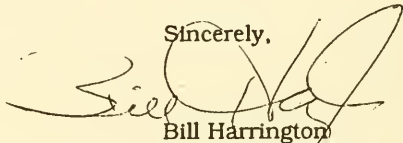
Dear Mr. Reed, Dr. Ellwood and Working Group Members:

Thank you for the opportunity given to our American Fathers Coalition to present a number of ideas and policy proposals to assist President Clinton in developing a new welfare and family policy for America's troubled families. We appreciate this response to our letters requesting such a meeting and we look forward to hopefully a positive response as the eventual outcome in the recommendations submitted to President Clinton early next year. America needs father friendly, and father inclusive policies if these recommendations are to gain acceptance and approval of both Congress and the American people.

Fatherless children have become a major liability to our society. The time has come to enact broad based father inclusive policies to heal the wounds of family dysfunction that now plague our society. No meaningful solutions can be seriously proposed to President Clinton without a positive father focus.

Attached to our various proposals are copies of research articles and newspaper items that speak to the merits of our proposals. It is our hope that our proposals will be seriously considered and offered to President Clinton as legitimate options to meet his goal of ending welfare as we know it.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Harrington", is written over a circular stamp or seal.

Bill Harrington  
National Director

cc: President Clinton

## FAMILY POLICY REFORM RECOMMENDATIONS

- 1 - Assign the new Commission on Child and Family Welfare to the HHS Policy & Planning Office for staff assistance.
- 2 - Provide additional funding to the Commission on Child and Family Welfare to meet its assigned goals as approved by Congress.
- 3 - Generate the first written family policy for America that focuses on the importance of family in American society and the continuing involvement of parents in the lives of their children. Special attention needs to be given to a definition of those family units consisting of children with separated parents living in two homes. We need to expand the definition of "family" beyond just mother and child as used in the Rockefeller Report on Children.
- 4 - President Clinton should make a major family policy address to Congress focusing on the importance of family and give positive recognition to the importance of the father/child relationship. The address should call for all written ideas on new positive family policies to be submitted to the Commission on Child and Family Welfare.
- 5 - Issues of Child Support Guidelines review and creation of a Child Support Enforcement Clearinghouse should be run through the Commission on Child and Family Welfare. Addition Commissions and independent committees would only fragment new coordinated family policy development.
- 6 - A new "CHILD-FIRST" policy for all domestic relations Court proceedings should be adopted. A new positive intervention model should be developed, where state intervention is made at the first filing of separation or divorce, or child contact with law enforcement agency. The policy should be family preservation and assistance, not separation. Programs for appointment of trained Guardian Ad Litem should be funded to minimize trauma of proceedings upon children. Also, this program would offer protection to stop children from being used and placed in middle of conflict between parents. The goal is to demilitarize the proceedings, reduce the adversarial nature of the environment, and make parents focus on ultimate best interest of the children.
- 7 - Abolish the words "VISITATION" and "NON-CUSTODIAL" parent from HHS vocabulary. These are criminal words giving rise to notion that parents are without rights, and not to be supported in relationships with their children.
- 8 - Federal grants of \$250,000 should be given to a FATHERS group in each state to advocate for importance of father/child relationships,

conduct meetings at high schools, assist fathers in location of support services for questions and problems with children, to conduct parenting classes, to coordinate programs at the Courthouse to assist fathers in locating correct offices for problems of custody and child support, neutral pick-up and drop-off services, etc.

9 - Federal grants should support major national "FATHERS" hotline for problems relation to child support, kidnapping of children, etc. These would be placed in Virginia, Texas, Iowa, and Washington State.

10 - Establish a national center on family policy research studies for review by scholars and parent advocacy groups.

## WELFARE AND PATERNITY RECOMMENDATIONS

1- New policy needs to be supported to establish that fathers are as important in cases of unmarried parents, as are the mothers. To help reach this goal, two (2) staff members from each Child Support Enforcement Office shall be permanently assigned to fathers and non-custodial parents issues and problems. This shall happen by Secretary directive, and to be in place within six months. The staff shall operate separate from existing staff, and staff members shall not rotate from other responsibilities. Staff in this office shall assist fathers in determination and obtaining initial custody proceedings and establishment of child support orders from the mothers. Staff shall also be authorized to file contempt motions for fathers and non-custodial parents to comply with parenting time arrangements that are in writing and filled with the Court.

When vacancy occurs through resignation or firing, new personnel shall be hired and trained, NOT transferred from the other mainstream staff.

2 - New policy shall be adopted and developed to gain approval of all state AFDC plans. This policy shall affect all welfare mothers who are capable of working but refuse to do so, after a period of six months on welfare.

In any case, where a father is identified on the birth certificate as the father, or who has performed parenting responsibilities as the father and is willing to sign a waiver of paternity prior to filing a Court action, where the father has bonded with the child(ren), and where the father has established a record of care, and where the father is gainfully employed and earning an income above the federal poverty level, and where the father is capable of fully supporting the child(ren) without any entitlement funding in any area of parenting, and where the mother formally refuses or fails to obtain full time employment, and upon a filing of Petition for Modification of Custody based on this provision of law, the State shall be required to support the father in his petition, on the basis of a campaign against poverty and dependency lifestyle for minor children. The mother shall then be denied State legal aid in resisting and objection to the proceeding. When completed, the mother shall then be allowed a minimum set residential schedule with the children.

The mother shall then be expected to enroll in a job training program, go back to school, or obtain full time work as a pre-requirement to Petition for significant parenting time with her children previously covered under AFDC and subject to the proceeding. Any mother who is affected by this proceeding shall not be allowed to file a Petition until she has worked for at least one full



calendar year which resulted in earned income above the federal poverty level.

For each year where the father successfully completes and exercises his parental responsibilities, and keeps his children off the welfare rolls, that father shall receive an additional \$2,000.00 EITC.

3 - When a woman first becomes pregnant and applies for pre-birth medical assistance, the mother shall be given a brochure on the importance of the father\child relationship. The mother should be asked to identify the name of the father at each of the first three sessions or medical contacts. If the mother fails to identify the name of the father, and give the father an opportunity to know of the birth development of his child, the mother shall be terminated from the program and be denied all other aid otherwise available to her if she had previously cooperated.

4 - In cases where the AFDC father is identified, the father shall be asked and encouraged to declare his paternity of his child. The form, however, shall not be libelous in nature. No child support order, or any other punitive action shall be authorized, as a result of signing the declaration of paternity.

5 - In all cases where the father is identified, and he is able to meet the childcare needs of his child(ren) himself or through his family members, and this childcare can occur without cost to the State, the State shall support the father in his request to become the babysitter of first resort.

6 - Norplant contraceptive devices should be implanted for all female recipients who receive AFDC funding to prevent future pregnancies where the mother is unable to independently financially support the child. If the AFDC recipient refuses to allow the implant, she shall be terminated from the program and denied further financial assistance.

The implant can be removed when the AFDC mother is no longer receiving welfare. It is assumed the mother already has one or more children in order to qualify for welfare to begin with and that continuing births under such poverty conditions are simply not appropriate. American taxpayers can no longer be expected to bear this burden.

## CHILD SUPPORT RECOMMENDATIONS

1 - A single child support guideline standard should be developed for all dependent children, including children of separation and/or divorce. This would be a uniform standard for children in foster care, AFDC programs, and divorce. Policy should be that "CHILD-SUPPORT" is child support for the child(ren) and is "PAID IN TRUST" for the exclusive benefit of the intended child(ren) and not co-mingled with the money held by the majority residential parent. Policy should be that "CHILD-SUPPORT" is for the child(ren) and is not back door alimony for the receiving parent.

2 - All child support payments paid by the paying parent to the other parent, or paid by one parent through the State to the other parent, shall be placed into a checking account from which all payments shall be made by check.

Any financial institution accepting such accounts exclusively labeled for child support payments, shall receive a \$50.00 tax credit for not charging the account for all services that may be needed, including copies of checks if an audit for accountability is made.

3 - A parent with child support payment obligations should receive a \$2,000 tax credit if all required payments are made in full and on time for the previous year. Studies on surveys for ratio's of compliance should be taken from the paying parent, as well as the receiving parent, to insure the best and most accurate information.

4 - Mothers on any entitlement program SHOULD NOT be allowed to receive the federal income tax deduction for the child(ren) if the father has taxable income over \$5,000 regardless of his child support payment history.

5 - Income to be used for child support shall be based on a regular 40 hour work week, and shall not include overtime pay or bonus payments. Financial survivability of the paying parent should be of continuing importance to the child.

6 - Child support payments should be limited to child(ren) younger than 18 years old and exclude graduates from high school. Post secondary financial support for previously dependent children should not be allowed.

7 - Child Support assurance Programs should not be supported or encouraged as they undermine parental responsibility to get off entitlement programs.

8 - Child support consideration for children in blended family situations should be structured into the guidelines on a percentage basis as a breakdown of family expenditures.

9 - Parents in states with community property laws should be allowed to divide their incomes with their new spouses to present a more picture of family income in the fathers household.

10 - OSE office staff need updated and more intensive training programs to learn about the rights of both parents to apply for upward or downward modifications of child support, maintenance, or other requests for financial aid.

11 - Retroactive child support should be totally disallowed for any parent where it is shown the mother avoided notification to the father that he was the father, or that he was properly notified and served. The mother shall be required to obtain her separate legal counsel to make this legal argument and preparation of Court papers. The State shall only be allowed to argue, but not act on behalf of the petitioning parent.

12 - Mandatory payment program of parents paying child support through the state in all cases as required under 1988 Family Support Act, to go into effect on January 1st of 1994, shall be repealed as it undermines cooperation between parents needed for best interest of children.

13 - The IRS should not become involved in Child Support collection.

## PARENTS FOR JUSTICE

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*Advocacy for Low Income Single Parents in New Hampshire*

Submission for the Record

Subcommittee on Human Resources, Committee on Ways and Means  
U.S. House of Representatives

Oversight Hearing on the Family Support Act

by  
Sara Dustin  
Director, Parents for Justice

Administration of the Family Support Act in N.H.: N.H. has made an all out attempt to implement the provisions of the Family Support Act. The state adopted rules making participation in JOBS mandatory for parents on AFDC as soon as the youngest child becomes three, and has aimed from the beginning at 100% participation. The program has focused most heavily on the provision of education and training services, and has been eagerly embraced by the parents, many of who have wished to commence their participation early. The state has consistently drawn down its complete federal match for the JOBS program, and this year is about to go over budget. The legislature has so far been willing to to match the federal draw and will undoubtedly, given the popularity of the program, be willing to cover this year's deficit. The program could spend more; some parents find themselves waiting 7 or 8 months for a training or education slot to open. However, from the point of view of family advocates like ourselves, this may be a blessing in disguise. The programs, especially those providing the post-secondary education necessary to compete for a living in N.H., make intense demands on the parent. The delay gives them a little more time to usher their children securely into life, and given the intense objections many three year old boys raise to the sudden disappearance of mother for long periods, and the behavioral problems and physical symptoms they can produce under these circumstances, the delay is probably in the best interests of the family and, also, the state, which ends up paying the child psychologist or the hospital.

Child care benefits: The child care reimbursement scale for AFDC parents in the JOBS program is not quite in line with true market costs and needs to be upgraded. Throughout the five years of the programs history in N.H. I have continuously heard from mothers who have to supplement state payments from their grants, which of course are already punitively inadequate to sustain health in their children as it is. The state claims that this is legal under the Family Support Act because the mothers are "volunteers". Since so many of them choose to start early or to embark on post-secondary training programs of their own designing, they technically fall into this category. However, I suspect this was not Congresses intent.

Benefits for mothers moving from AFDC into the workplace are very, very good in NH. We provide daycare assistance to working single parents through a mixture of state and federal funds, with hefty state supplements, with out time limits, up to 195% of poverty, and untill her earnings top 165% of poverty, the subsidy is very high. The cost of providing the minimal needs of a working single parent family in N.H. is very high. The parent must not only come up with a high rent in most of the state, a very high utility payment due to the Seabrook settlement, but also maintain a car, a \$300 a month proposition. We have found that in order to stabilize such a family at the \$6.00 an hour wage generally available to workingclass women in N.H., it is necessary to pay almost all of their child care. On that step, the mother is only required to come up with \$20 to \$25 a week of what may easily be a \$500 or \$600 bill, if there is a pre-schooler in the family. The failure to do this when women were graduating from the WIN program



to work in the 1980's led to a high rate of failure and return to the AFDC program, because the mothers were unable to maintain shelter or the family's physical health while paying these costs.

Child Support Collection: In this area also, N.H. has been very thorough in its implementation of the Family Support Act's directives, although the staff of the child support collection unit is clearly inadequate in relation to the tasks imposed on it by that legislation. Guidelines where adopted quickly, judges appear to be abiding by them, and where payors still have paycheck jobs, payroll level payment of child support is in widespread force. However, the Office of Child Support Collections has a 12,000 backlog on a current caseload of 37,000, which shows no signs of diminishing. Because of the pressure, papers get lost, orders to deduct child support from paychecks are not sent on to employers, cases where the father is difficult to deal with because he is self employed or holds down an assortment of part-time jobs, or is out of state or otherwise less than immediately accessible are shunted aside and left on the back burner. Therefore, we are hearing many complaints from mothers who cannot get the office to follow up information on the whereabouts of Dad's employment that they have provided, or even to speak to them on the phone. Enforcement is also very slow, which means it is more apt to be the collection of arrears, that in a post AFDC case have to be split with the state, rather than current obligation which would fully benefit the working mother and her children. To a significant extent, provisions of the Family Support Act and other federal legislation has transformed the office into a competitor for Dad's child support dollar, rather than an aid to the single parent.

In addition, the loss of many paycheck jobs in N.H., due to the loss of manufacturing to other regions and countries, the closing of defense industries in the southern portion of the state and of the Portsmouth Naval Base in the Seacoast Region, which occurred very shortly after the passage of the Family Support Act, has made the job of Child Support Collections much more complicated. Many fathers were forced into a series of short term pick-up jobs that are hard to track, or into self employment, which is impossible, at the same time that severely diminished incomes increased the motivation to evade child support obligations accepted in the prosperous 1980's when second jobs and overtime were readily available. These social changes have made it difficult for the state to fulfill the intentions of the FSA in this area.

II. Some Serious Problems Created by the Family Support Act: Since N.H.'s implementation of the Family Support Act has been far more full and complete than that of most other states, we have had experiences which may usefully predict the effects of fuller implementation nationwide. The identification of one problem has already lead to a revision of JOBS policy in this state, and others suggest further revision is necessary.

1. Damage to children and their mothers due to too intense participation in JOBS activities at too young age of the children: Post secondary education programs are designed for the energies and schedules of new highschool graduates, not the mothers of pre-school children. Unfortunately, the structure of JOBS benefits in N.H., child care allowances, transportation assistance, fees and books assistance, prevented parents from taking advantage of the provisions of the Family Support Act which permit a parent to fulfill her JOBS obligation by attending school half time. Since these benefits in NH had to be spent down in two years, parents tried to cram as much education as they could into that period, over stressing themselves and their children as well, who were consigned to daycare all day and then pushed away at night and on weekends by mother so she could get her studying done.

This led to some very dramatic events, especially among families where the mother enrolled in the two year Voc Tech nursing courses which were available around the state, and into which many parents of young families were steered because of the high income prospects. The courses require the enrollee to take five heavy

scientific courses per semester, with labs, and, in addition, to work a 18 hour a week practicum in the second year. Under this pressure, the three year old son of one JOBS mother ended up in Boston Hospital with acute, life threatening, adrenal exhaustion. His mother, required by the doctors to attend at his bedside in order to save his life, and who was simultaneously told by her JOBS counselor that if she were ten minutes late for even one of her classes she would be sanctioned, and who tried to do it all, followed him shortly thereafter with a collapsed lung. In another nursing course family, mother thrived, and her 4 year old thrived, but the 16 year old daughter of her boyfriend who was saddled with the bulk of the off school hours child care of the pre-schooler attempted suicide, bringing the family to the attention of the child protective services.

While the two year nursing program created the most dramatic disasters, it was not the only culprit. I have recently been on the phone with a middle aged JOBS mother of two adolescents who has just graduated from a two year junior college course in hotel management with a 4.0 average. The cost? Her 14 year old son has stopped bothering to come home, and her 12 year old daughter, who also stopped coming home during this period, is now the the state's Youth Detention Center. Rather than rush forth into the workplace, she is understandable taking a sabbatical on welfare, with the approval of her case worker, to rescue her family. "Why should they bother to come home," she explains. All I could say to them was "Don't bother me. I'm studying."

Because of incidents like these, and other less dramatic but disturbing reports from mothers in school in the states's university system, the NH JOBS program has amended its rules so that child care and other support benefits can be spent down over three years, instead of two. allowing the mother to pursue her studies on a 2/3rds time basis, instead of full time, at least theoretically. Due to the structure of the federal student grant and loan program, which finances most NH JOBS participant's tuition, she must still carry four courses a semester, or fail to qualify because she is not a full time student. In addition, the program instructed its JOBS Counselors to discourage mothers from biting off more than they could chew, especially mothers with children younger than three. (The mother with the collapsed lung had four children under 7 when she started, including a one year old in diapers.)

#### Recommendations:

1. The limits which establish how many hours a week of participation may be demanded from a JOBS client were established by Congress for good reason. They are there to ensure that parents have enough time to properly nurture their children, and that children have enough attention from their parents to develop properly. Because we in NH had JOBS counselors who saw nothing wrong with urging the mother of four under age seven into a full time nursing course aimed at 19 year olds with no other responsibilities, and because of the eagerness of the women of the NH AFDC program to get ready for the workforce, we now have a body of evidence showing what happens when these limits are violated. Congress needs to take steps to make sure the participation limits are honored by the states, even when the participants are eager volunteers.
2. In order to make  $\frac{1}{2}$  time post secondary studies a practical possibility for JOBS mothers, Congress needs to modify the student loan and grant program so that financial aid is available to students with family responsibilities carrying half time course loads.

## 2. Two Years of Job Training or Post-secondary Education Does Not Appear to be Adequate to Command a Family Wage in Today's Economy:

We are now hearing from the first substantial crop of parents who have made it through two years of JOBS training, and the results are not encouraging. State data shows that a working single parent, even without the extensive child care cost associated with preschool children, needs to gross \$2,170 a month if she is to meet the minimal needs of her family, including providing health care at NH Medicaid rates, which are very low. The best job offer the graduate with a 4.0 average in hotel management got was a \$6.00 an hour desk clerk position. She was not offered entry into the hotels management training program.

\$6.00 at 40 hours a week is only \$1032 a month. With two teenagers to support, she did not dare take the job, even if her family circumstances had made it possible. Nor did the mother of four with two years training in pharmacists assistance dare take the 20 hour a week, \$4.50 an hour, benefitless job Walbaums offered her as a pharmacist's assistant. \$387 a month would not even pay her rent. A third mother who has just completed a two year course in early childhood education finds herself back at her old job in the day care she worked in before her marriage came apart, at the same low pay, and she is going without meals so her children can eat.

In order to sustain a single parent family in N.H. in a \$6.00 an hour job, it is necessary for the state and the federal government to pay nearly all their child care, to provide them with medical insurance, and to subsidize their income with, at present, \$200 a month of cash benefits delivered through the income tax system. The bill for this is very high. If there are preschool children in the family requiring extensive day care, it will exceed \$900 a month and still leave her very pinched. The state study's minimum budget for this family of three is \$2685 per month in 1994. The gap between the sum of her earnings and this assistance (about \$1960) and this minimum budget figure is too great to be bridged by the amount of child support that can be reasonably extracted from a working class man's paycheck, even at the very high percentages N.H. guidelines suggest (33% of net pay for this family or approximately \$363 a month on a net of \$1100). In the case of the mother with the two year degree in Early Childhood education, the father is already paying the state so much in arrears for the period she was on AFDC, that she is reluctant to go after him for her current child support for fear of pushing him under, or underground.

If she had been permitted to attend college for four years, and earn her full teacher's certification, she would have been able to re-enter the workforce at a family wage level of \$24,000 a year, pay her own day care, receive medical benefits for herself and her family as part of her job, and cover all of the day to day expenses of her household without federal assistance. So can a full four year graduate nurse or physical therapist, though a two year certified nurse or physical therapist's assistant can not. However, the State of N.H., following the evident intent of the JOBS Program Rules issued by U.S. Dept of Health and Human Services in the late 1980's, does not issue JOBS benefits for more than two years of post secondary education.

### Recommendations:

1. Not every single parent in the JOBS program is capable of four year college work. But those who are able to complete these programs successfully can get jobs which take them off the public payroll completely and permanently, as well as equipping them to make a substantial contribution to our society. However, Congress left the language of the Family Support Act in this area ambiguous, and the Rules promulgated by H & HS are downright hostile, in their choice of language, to the inclusion of a four year college option in state JOBS programs. Congress should clearly express its intent that the four year college option should be included in the menu of state JOBS programs, or at least insure that the states are no longer actively discouraged from offering this option by the tone of the JOBS rules

2. New highschool and Jr. College or Voch Tech graduates who have no family responsibilities and who can live at home or share apartments with multiple roommates of the same age, can afford to take jobs with low to moderate entry level wages and stay with them untill they have proved themselves and their pay levels increase. Unfortunately, the gap between what these jobs are paying and the minimal expenses of an established family with small children is so great, that a single parent cannot take the same job without risking homelessness and her children's health. In order to give the mother of ordinary attainments the time to work her way up from entry level wages, the Family Support Act needs to give the transitional AFDC parent levels of support which are realistic, and which are considerably higher than are currently being offered, even where the intention of the current Act is being fully carried out. And I do not believe we can count on child support to bail us out here with any regularity or reliability.

3. The failure of the marketplace to offer the JOBS graduate jobs with decent pay and decent prospects is not entirely due to their position as entry level applicants. I believe that we are also looking at the workings of the long standing prejudice in the workplace against women, and the current prejudice against single parents encouraged by extremely biased media coverage and re-inforced by recent statements by our public leaders. A woman responsible, solely, for the support of children needs a wage of \$11 to \$13 an hour, not \$4.50 to \$6.50. If they are to be given a fair chance to achieve the self sufficiency that is being demanded of them, they need to be given the same public support and hiring priority that was accorded the returning veterans after WW II. It is time for our nation's leaders to exercise their moral leadership by bringing this to the attention of the business community and the nation at large.

3. The Deeper Impoverishment of AFDC Children: It is imposible to keep children sheltered and adequately fed on the AFDC grant as it is given by the states. The grant has always had to be doubled by the mother. For as long as I have observed the AFDC program, from my graduate school days in Chicago in the 1960's, when AFDC mothers were cleaning student apartments for 50¢ an hour, to the late 1980's, when almost every member of my board was doing something, babysitting neighbor's children, to cleaning houses, to add earnings to her grant, AFDC parents have worked under the table to ensure an adequate income for their families.

Unfortunately, because of the rules of the AFDC program which require that any earnings of the mother made public be subtracted from her grant, leaving her again unable to feed and shelter her children, all of this work had to be hidden. People who in fact were displaying enormous enterprise and industry had, in addition, to be very careful to give the public impression that they were not working at all. This not only contributed to the creation of an unfair public reputation for sloth and passivity. It also hobbled women who could have, if their efforts had been supported and legitimized, used this period of part-time work while their children were young to get a jump on a mainstream career, and to enter the workforce at a higher income level when the children entered school, and the cost of supporting them went down with the children's daycare bill.

The reason these mothers did not move off the AFDC program into fulltime paycheck jobs, instead of hiding work to supplement the AFDC grant, were twofold. First, they had very small children who needed more of their time and attention than fulltime participation in the organized workplace would permit, especially with the overtime and second jobs it has always been necessary for a woman to work to produce the equivalent of a family wage.

Secondly, in the absence of the panoply of supports now contemplated, child care assistance, medical insurance and income support through the income tax system, the attempt to support a family on the proceeds of a strict forty hour a week job, which would have left some time for



the children, was the equivalent of economic suicide. Those who tried it in the 1980's before N.H. developed its present support system, inadequate as it is, lasted between three to six months before they faced imminent homelessness or succumbed to a medical emergency, depending how long the car lasted before it needed a major repair and how long it took for medical problems that couldn't be treated with home remedies to develop. (Once the car went it either had to be repaired out of funds earmarked for rent, or made it impossible for the mother to get the children to daycare and herself to work, closing off the possibility of rent money in the future.)

Since the implementation of the Family Support Act, there has been a cessation of under the table work by AFDC mothers in N.H. as far as I can make out. Mothers actively involved in JOBS activities no longer have the time. It is not possible to babysit your working neighbor's children if you have to be at Project Second Start at 8:30 AM five mornings a week, and the pressures of caring for ones own family and meeting the homework requirements of post-secondary education preclude cleaning the houses of more affluent women as well. But in addition, the mothers of infants and pre-schoolers under the age of three, who are usually not active JOBS participants, seem to be focused on their future prospects under the JOBS program, which they are waiting eagerly to enter, rather than improving their immediate circumstances by finding some kind of part time work in their neighborhoods which they can combine with their intense child rearing duties.

One may view this as an improvement, but I disagree. Because the writers of the Family Support Act failed to take into their consideration the interaction of that legislation with the under ground economy, they brought to an end an informal system which, while illegal, was serving the needs of children rather well, without replacing it with a legal system which would accomplish the same end. I have never seen such intense poverty among AFDC families, and such a high incidence of sickness among the children, as I have in the last few years, in which mothers are actually trying to live on their grants.

I am well attuned to the condition of the families, because an important part of my work is to recruit parents to testify as to the conditions of their lives before committees of the state legislature. In the 1980's, when the mothers held under the table jobs, most mothers had things well enough in hand, their cars running and their children well, so they could make it 50 or 60 miles down to the state legislature to attend hearings with fair reliability. Last year, I recruited five parents to testify for a desperately needed Cost of Living increase in the AFDC grant. Only one made it. Between Monday night when I confirmed earlier promises to attend, and Tuesday morning when the hearing was scheduled, one child's chronic bronchitis reoccurred, a second child's bronchitis deepened into pneumonia, and two cars broke down.

The desperateness of the poverty of AFDC families under the Family Support Act both degrades the capacity of the children to perform at school, and the capacity of their mothers to succeed when they finally enter the JOBS program. The mother of the child with chronic bronchitis had just been informed by her child's elementary school that he had missed so many days that he would have to repeat first grade. In order to get the cheapest possible rent, she had moved into a poorly insulated old shack with an antiquated heating system, only to discover that her heat bills were running around a \$1000 a month. Town welfare, which in NH has a legal obligation to make up the deficiencies in the income of the poor for vital needs, had bailed her out once, but refused to pay any more. It was February in N.H. and she had the heat down real low.

According to the parent with the 4.0 average in hotel management, she was the only mother in her building, which housed a number of AFDC families, who made it through their programs. The others, whom she characterized as not having her drive or energy, gave up long before they reached that point. If you take a moment to put yourself into their shoes, I think you can readily understand why. Ask how well you would do in school if you also had to

hold off the landlord and the utility company, spend a morning every other week sitting in the town welfare office trying to extract enough vouchers from an official, whose job it is to protect the town budget, to satisfy these first two entities, scrambling up alternative ways, every time the car breaks down, to get two pre-school children to daycare and then make it 15 miles to your JOBS site in a town with no public transportation, and locating a neighborhood mechanic who will fix it cheap and also wait to the first of the month for payment, which then necessitates putting off the landlord again, all of this while living on a diet of plain spaghetti and canned peas, no milk, no meat, no fresh fruit or vegetables for at least one week out of every month? I strongly suspect that as far as the JOBS program has been disappointing, it is due, in considerable part to the handicaps poverty puts in the way of performance.

#### Recommendations:

1. In order to maintain the health of children whose mothers' work energy is fully tied up in JOBS activities which do not produce income, and to give these mothers a reasonable chance of success, the AFDC grant needs to be supplemented by an extra "participation incentive grant" or stipend of some nature during this period.

2. The Family Support Act accepts part-time work as fulfillment of the JOBS requirement for mothers with pre-school children. However, under the present earned income discount structure, this is not a practical option for the majority of these parents, because the proceeds of a twenty or thirty hour a week job are both high enough to cut her off from the AFDC program and JOBS benefits, and too low to come anywhere near supporting her family. Congress should take advantage of part-time work's usefulness as a path back into the workforce for the mother of young children, and also its effectiveness as a way to ensure that these children are adequately supported without adding to public expense, by arranging for JOBS mothers, and mothers waiting for JOBS slots, to be able to add a substantial portions of their earnings to their grant while their children are not yet in school.

4. The Retardation of Re-marriage: Because the AFDC mother of the Family Support Act era is no longer participating in the underground economy, there is only one readily available option open to the woman involved in JOBS training who is not willing to see her children's health and wellbeing deteriorate. She must find a new mate who can contribute financially to the household. This arrangement can be conducted in a perfectly legal fashion as far as the rules of the AFDC program are concerned. As long as he does not marry her, her grant is unaffected. So long as he pays household bills directly, himself, to the debt holder, rather than hand the money to her, she is guilty of no fraud for failure to report these transactions.

Fortunately for her, the Family Support Act has created another group of desperately poor people who need to join forces with her, and share expenses with her. These are the divorced or separated fathers of other families, who have low wage jobs and have been hit hard by the provisions of that act requiring the application of strict child support percentage guidelines by the courts, and the deduction of the resultant child support obligations at the paycheck level. On the assumption, understandable in the 1980's, that the father could always work overtime or get a second job to support himself, the N.H. legislature adopted a set of percentages, (25% of earnings after payroll deductions for one child, 33% for two, 40% for three, and 45% for any number thereafter), which produced reasonable results when applied to middle and upperclass incomes, but, when applied to the already marginal earnings of low wage working class men, reduced their income below the level of self support.

As a consequence, I believe, the AFDC mom of the 1990's in NH is far more apt to have a boyfriend who lives with her, than her 1980 equivalent. As far as I can see, most of these relationships

are serious, longstanding, and of great help to both the mother and her children. But while in 1980, mothers would join parents for Justice, participate enthusiastically for 8 or 9 months, meet a man, and quickly disappear from our organization and the AFDC program, the mothers of the 1990's do not marry. Of course many of them are halfway through JOBS supported post secondary education programs which they would lose, along with their AFDC eligibility, if they married, and to which they are deeply committed. However, I believe there are more fundamental reasons than this, and I believe they are financial.

In 1980, judges were ordering fathers with gross incomes of \$1400 a month and net incomes of \$1100 to pay \$20 to \$25 a week in child support if their family was on AFDC. The judges were aware that little or none of this got to the mother and children, and saw no point in impoverishing the father to benefit the state. And in point of fact, \$100 a month is about all a father at this income level can part with before he loses his capacity to live independently and meet all his essential needs, according to the 1990 state minimal budget study.

Consequently, the 1980's father could bring a significant amount of money to his second relationship. The same father in 1990 has only about \$700 left in his monthly paycheck, \$650 if he has a bad month and loses a few days pay to sickness or other unpaid absences. After subtracting out the cost of feeding him, running his car, and his walk around money, he is only contributing an extra \$200 or so a month to the household expenses. In addition, in 1980, she was very apt to have a small underground business yielding \$300 to \$500 a month. Between his \$1000, and her earnings they had enough income to risk striking out independently of the benefit system, especially since she, freed of the need to hide her income producing activities, could come out into public and increase her income rapidly.

The same couple attempting to form a second marriage in the 1990's have only his \$650 to \$700 a month to look to, because the only income she can bring to the relationship once her energies are tied up in the JOBS program is her AFDC check, which disappears as soon as they tie the knot. \$700 a month in an economy that requires around \$2500 a month to meet the minimal needs of a four person family with two adults, even if there is only minimal daycare expenses for the children, is not riskable. They stay unwed.

#### Recommendations:

1. A low income working man cannot pay the same percentage of income in child support that a better paid man can. Child support guideline percentages need to be graduated, just like income tax assessments. In addition, child support assessments must leave the father enough income to support himself, and this must be calculated realistically and regionally.
2. The loss of daycare subsidies is a deterrent to remarriage between single mothers and low wage fathers, because even if she is off AFDC and working, their combined incomes are inadequate to meet this expense if there are pre-school children in the family. Daycare subsidies should be made available to low income intact families with pre-school children, as well as low income working single parents.
3. We need to permit the single parent on AFDC to earn and keep some income independently of her AFDC grant, so she can bring an independent resource to a prospective remarriage.

Finally, we need to dispense with moralism in the making of family policy. It may be wonderfully satisfying to vent our anger at the "deadbeat dad." However, in practice, a large portion of fathers failing to pay child support to their own children's mother are, because of second relationships, actively supporting the children of other men, who may not be paying their child support. If almost all fathers are supporting some children, is that such a bad social outcome? Family policy must be written with an eye to promoting the success of second families as well as sustaining the single parent family. The second family is the single parent families salvation, and second families are not only an important social reality, but also our best hope for family success and stability in a society with a nearly 50% failure rate on the first try.





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